Annual Report 2005

The Regional Municipality of Durham

Ontario, Canada

for the year ended December 31, 2005

DURHAM REGION

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Annual Report

The Regional Municipality of Durham

Ontario, Canada

for the year ended December 31, 2005

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This Document was produced by the Finance Department, Regional Municipality of Durham

Welcome to Durham Region

The Regional Municipality of Durham lies along a continuous urbanized lakeshore and shares prime access to the Great Lakes and northeastern markets of the continent, encompassing over 120 million people. Durham is situated immediately east of the City of Toronto, and includes eight local area municipalities: the Cities of Oshawa and Pickering; the Towns of Ajax and Whitby; the Municipality of Clarington; and the Townships of Brock, Scugog and Uxbridge.

Key Economic Sectors

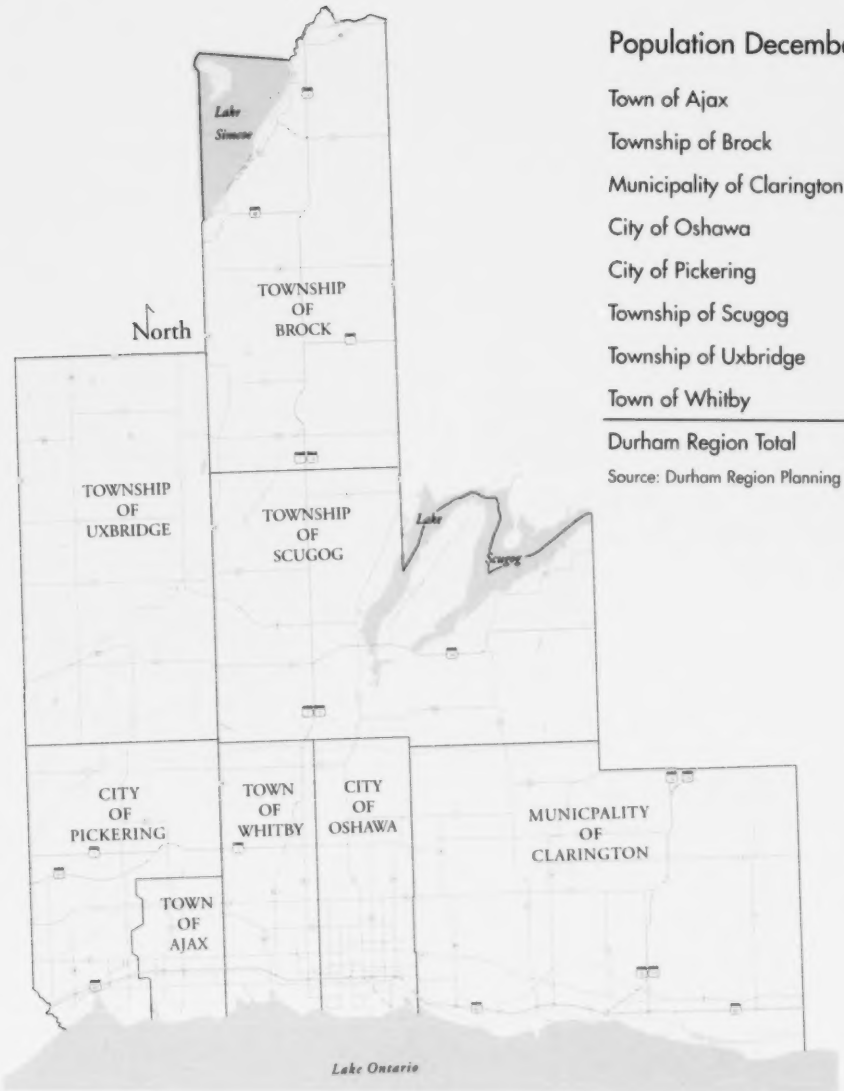
- Automotive
- Energy and Utility
- Advanced Manufacturing
- Agriculture and Horticulture
- Transportation
- Education and Health
- Travel and Tourism
- Film and Entertainment

The area is well known as an economic powerhouse, and in particular is recognized for the strength of its manufacturing sector, which has recently undergone a period of rapid diversification. High quality municipal services and excellent transportation networks, public utilities, and social, educational, and health infrastructures support the mix of urban and rural lifestyles in the Region of Durham.

Durham Region, with all the attributes of a modern metropolitan area, is also fortunate to have a young and skilled labour force. Bolstering this attribute, Durham offers a full continuum of educational services from preschool to post-secondary, including Canada's newest high-tech university, the University of Ontario Institute of Technology, which offers a range of undergraduate degree programs.

Complementing the Region's position within the highly developed economic region of the Greater Golden Horseshoe, Durham continues to retain a rich culture and heritage within a variety of landscapes and urban and rural communities. The Region's major urban lakeshore communities contrast with a variety of small towns, villages, hamlets and farms further inland. The northern portion of the Region encompasses numerous headwaters and the rolling hills and hollows of the beautiful Oak Ridges Moraine. The diverse landscape of woods, headwaters, ridges and hollows gives way to rolling bountiful farmlands and the prime recreational lands of Lake Simcoe, Lake Scugog and the Kawarthas.

Abundant resources, an enviable lifestyle, and first-class transportation networks create an ideal location for residents, commerce, and industry. It is no wonder that the Region of Durham is enjoying sustained growth. It is estimated that Durham's population increased by approximately 62,625 persons between year-end 2000 and 2005, growing from 522,665 to 585,290 over this five-year period. The population is anticipated to reach 657,300 by 2011, as employers and employees continue to discover the Region's wealth of opportunity and an unsurpassed quality of life.



Population December 2005

Town of Ajax	90,230
Township of Brock	12,850
Municipality of Clarington	82,010
City of Oshawa	150,600
City of Pickering	91,785
Township of Scugog	22,605
Township of Uxbridge	20,550
Town of Whitby	114,660
Durham Region Total	585,290

Source: Durham Region Planning Department.

Land Area

2,535 square kilometres (979 square miles)

Durham Region is the largest geographical jurisdiction in the Greater Toronto Area (GTA), stretching from Lake Ontario in the south to Lake Simcoe in the north.

Message from the Regional Chair

The year 2005 was a busy and successful year for the Durham Region. A regional transit system implementation plan was created to ensure commencement of service on January 1, 2006, major infrastructure improvements were made, waste diversion initiatives were launched, and administrative employees were consolidated into a new Regional Headquarters Facility. The new headquarters integrates staff more efficiently and provides stakeholders with the benefit of 'one-stop shopping' for a full range of Regional services, including applications, permits, approvals, inquiries, payments, counselling and assistance programs.

A major achievement in 2005 was the work leading to establishment of a new Regional transit system. In February, Regional Council approved the by-law finalizing the transfer of transit responsibilities to the Region. Throughout the balance of 2005 plans were put in place to amalgamate five local municipal transit operations into one service. On January 1, 2006, the Durham Region Transit (DRT) rolled out successfully and on schedule. The Region strives for a high quality service fully integrated with the rest of the GTA and we are well on our way. With a single DRT ticket, passengers can gain access to any combination of GO Transit and Durham Region Transit buses, including connections to Highway 407. The DRT Co-Fare program allows travel to/from GO Rail services.

Investments in infrastructure are vital for economic development, growth, and the Region's high quality of life. Including growth related and road rehabilitation projects, 2005 investments in Regional Roads totalled over $40 million. An August 2005 groundbreaking ceremony for the new Courtice Water Pollution Control Plant (WPCP) initiated the largest capital project ever undertaken by the Region of Durham. The plant will be commissioned in the Fall of 2007 with capacity to treat 68,200 cubic metres of sewage daily. It will provide wastewater treatment for over 150,000 people and businesses.

Progress was also made in Solid Waste Management. Regional Council approved the capital expenditures necessary to purchase and distribute kitchen food waste 'Green Bins' to the remaining residents of Durham Region that are anticipating the new food waste collection service. Commencing on July 1, 2006, the service will extend Region-wide to also include the Cities of Pickering and Oshawa and the Towns of Ajax and Whitby. Durham has also partnered with York Region in a study to explore ways of managing the residual solid waste that remains after all diversion efforts. Following extensive public consultation, the Regions have

"We have certainly seen a great deal of growth in all eight of our municipalities, and with Oshawa and Pickering named by the Ontario government's Places to Grow Plan, we're likely to see a lot more change in the coming years."

Roger Anderson, Regional Chair

submitted to the Ministry of the Environment a Terms of Reference for an Environmental Assessment for a residual waste facility that, subject to siting and approvals, could be developed by 2010.

2005 also marked the establishment of the Durham Strategic Energy Alliance, building on our Regional expertise and providing a framework for collaborative projects and research on new technologies, energy conservation strategies and alternative fuels. The Region of Durham supports new nuclear generation at the Darlington site as part of Ontario's future energy supply mix, and we will continue to work together with partners, forging ahead, to become an Emerging Power.

There is no doubt that great things are happening in the Region of Durham and no doubt that 2006 is another year of promise for the Region of Durham.

Roger M. Anderson
Regional Chair

Region of Durham
Regional Council

Purpose

Regional Council provides leadership and direction to Regional administrative staff, who ensure citizens have access to adequate and efficiently delivered Regional services and infrastructure.

Composition

Legislative responsibility for the Regional Corporation is vested in the Regional Council, comprised of a Chair plus 28 Regional Councillors. The composition of Regional Council is designed to achieve balanced representation for the eight Local Area Municipalities of the Region.

The Mayors of the Local Area Municipalities, by virtue of their office, are also Regional Councillors, while other election candidates must declare candidacy for either a combined Regional and Local, or strictly Local office. Regional Councillors currently serve a three-year term. The current Council, elected in November 2003, will serve until November 2006, when the next election is scheduled to take place.

Regional Chair

The Regional Chair is an ex-officio member of each Regional Standing Committee. The Regional Chair is the head of Regional Council and is the Chief Executive Officer of the Regional Corporation. The Regional Chair presides over all meetings of the Regional Council. An important function of the Regional Chair is to promote and advance the Regional position. As part of this position, the Regional Chair meets regularly with representatives and residents to ensure that they are aware of issues and actions within Durham Region, and to also understand their concerns.

"The Region partnered with industry, University of Ontario Institute of Technology (UOIT) and local municipalities to create the Durham Strategic Energy Alliance, to promote Durham as a model for the development of sustainable energy solutions."

Strategic Action, Economy Objective, Growing Together, Community Strategic Plan, Annual Update, July 2005 Highlights

Boards and Agencies - 2005

Regional Council makes several appointments to the Boards and Committees of outside agencies that also provide essential services to the residents of Durham Region.

Regional Councillors chair or provide membership on the following committees and outside agencies:

- Accessibility Advisory Committee
- Durham Agricultural Advisory Committee
- Durham-York Joint Waste Management Group
- Durham Environmental Advisory Committee
- Land Division Committee
- Central Lake Ontario Conservation Authority
- Ganaraska Region Conservation Authority
- Kawartha Conservation Authority
- Lake Simcoe Region Conservation Authority
- Toronto & Region Conservation Authority
- Durham Region Non-profit Housing Corporation
- Durham Regional Local Housing Corporation
- Durham Region Police Services Board
- 9-1-1 Management Board

For additional information on the membership and responsibilities of these Boards, Committees and/or Authorities, please visit the Regional web site at www.region.durham.on.ca or contact the Region at 905-668-7711 or toll-free at 1-800-372-1102.

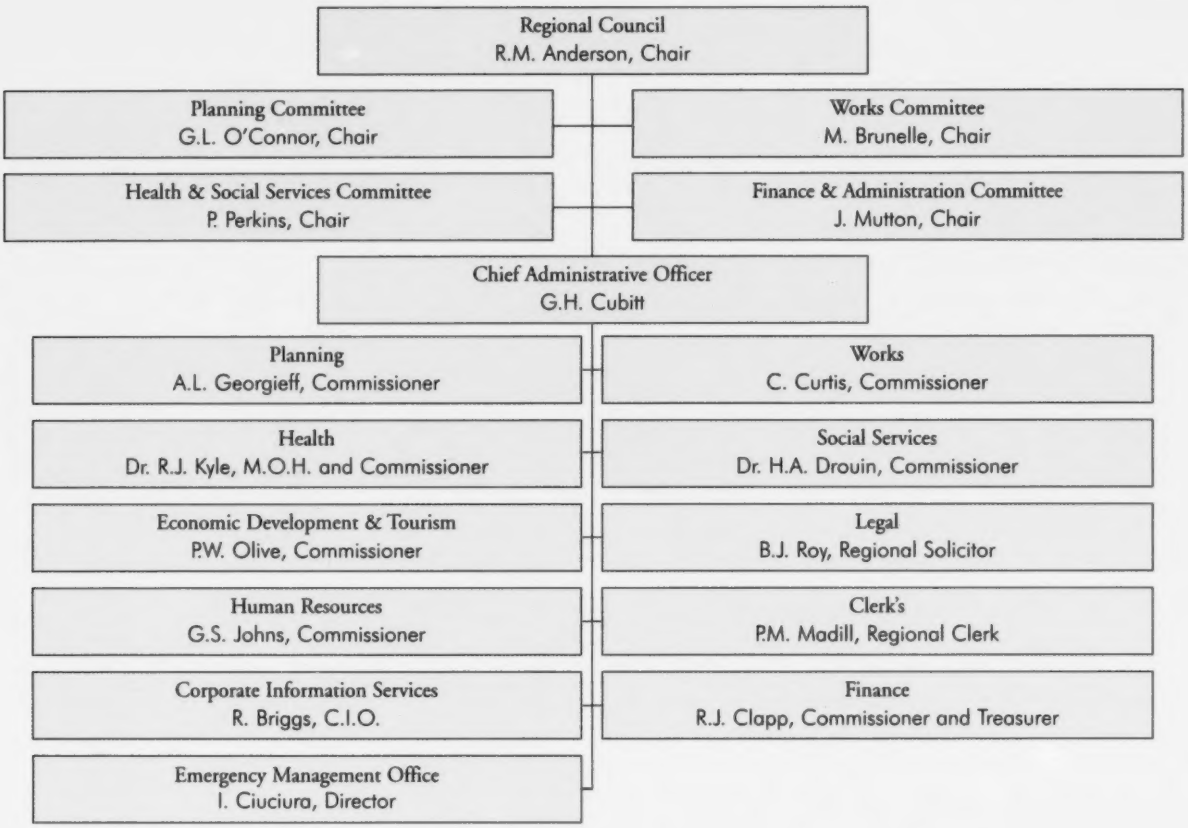
2003-2006
Regional Council

Front Row (L to R):
Mayor John Mutton (Clarington)
Mayor Steve Parish (Ajax)
Mayor John Gray (Oshawa)
Mayor Gerri Lynn O'Connor (Uxbridge)
Regional Chair Roger Anderson
Mayor Marilyn Pearce (Scugog)
Mayor Marcel Brunelle (Whitby)
Mayor David Ryan (Pickering)
Mayor Keith Shier (Brock)

Middle Row (L to R):
Councillor Gerry Emm (Whitby)
Councillor April Cullen (Oshawa)
Councillor Robert Lutczyk (Oshawa)
Councillor Charlie Trim (Clarington)
Councillor Jim Schell (Clarington)
Councillor Nester Pidwerbecki (Oshawa)
Councillor Bill McLean (Pickering)
Councillor Joe Kolodzie (Oshawa)
Councillor Susan Self (Uxbridge)
Councillor Colleen Jordan (Ajax)
Councillor Pat Perkins (Whitby)

Back Row (L to R):
Councillor Cathy Clarke (Oshawa)
Councillor Scott Crawford (Ajax)
Councillor Jim McMillen (Scugog)
Councillor John Neal (Oshawa)
Councillor Larry O'Connor (Brock)
Councillor Joe Drumm (Whitby)
Councillor Brian Nicholson (Oshawa)
Councillor Maurice Brenner (Pickering)
Councillor Rick Johnson (Pickering)

Regional Administration Management and Reporting Structure



Regional Council established four Committees, each comprised of seven Councillors. As shown in the chart, the four Standing Committees of Regional Council are:

- The Planning Committee
- The Health and Social Services Committee
- The Works Committee
- The Finance and Administration Committee

The Chief Administrative Officer (CAO) is the most senior staff person in Durham Region and reports to Regional Council. Appointed by Regional Council, the CAO ensures the implementation of Regional Council direction and policy and is responsible for the overall management of the Regional organization.

Regional Department Heads report to the CAO, who ensures coordination between Departments and any relevant outside agencies. Administrative staff, under the direction of the Department Heads and CAO, report to Regional Council through the Committee Structure.

Durham Region and
Local Municipalities

Our system of local government consists of two tiers. The Regional Municipality of Durham is the first level, the upper tier, and the eight local municipalities constitute the second level or lower tier. The two-tiered system is designed to retain closeness to the people, while permitting a Region-wide approach to development and infrastructure.

The Regional Municipality of Durham was created on January 1, 1974, as a Regional Government in the Province of Ontario, under The Regional Municipality of Durham Act, 1973. The Act provided for the formation of the eight local municipalities (The Cities of Oshawa and Pickering, the Towns of Ajax, and Whitby, the Municipality of Clarington, and the Townships of Brock, Scugog and Uxbridge). The current system was created with the annexation and amalgamation of twenty-one former local municipalities.

As issues continue to increase in complexity, and blend in terms of jurisdictional responsibility, and as resources remain limited, municipalities are increasing their efforts to work together, and with others, to provide required services.

The Regional Corporation has responsibility for the following service areas:

- Police Services and 911 management
- Delegated authority for local municipal Official Plans and Amendments
- Water supply, treatment, distribution and billing
- Sewage collection and treatment, and billing
- Main roads, traffic lights and controls, and storm sewers
- Emergency Management
- Borrowing of money for capital expenditures of upper and lower tier municipalities
- Economic Development and Tourism
- Public Health
- Emergency Medical Services
- Social Services, including Child Care, Long-Term Ca e and Services for Seniors, Family Counselling, Social Housing and Ontario Works Programs
- Provincial Offences Court, Prosecution services and administration and collection of fines
- Solid waste management, diversion, recycling, promotion and education, waste collection (in six local municipalities), processing and disposal
- Strategic land use planning and subdivision/condominium approvals
- Property Taxation policy.

Local municipal councils have responsibility for the following service areas:

- Local planning
- Local streets, storm sewers and sidewalks
- Fire protection
- Parks and recreation
- Transit services
  (responsibility was transferred to the Region effective January 1, 2006)
- Property Tax billing and collection
- Building inspection and permits
- Licencing
- Garbage and yard waste collection (in two municipal ties)

Message from the Chief Administrative Officer

In 2005, more than 1,200 Regional administrative staff moved from multiple leased facilities into the new Regional Headquarters facility in the Town of Whitby. I am proud to say that the move was completed with minimal disruption to the delivery of Regional services. The Lieutenant Governor was on hand for an Official Opening and over 1,000 citizens toured the new building. Already, employees and the residents that they serve are benefiting from efficiencies gained from administrative functions being carried out at a single location.

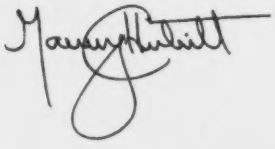
The new building also provides great opportunities to ensure Regional services are provided in a fully accessible manner. We have been working hard to implement actions identified in the Region's Accessibility Plan and this building was a great start. Regional employees, working with the new Durham Accessibility Advisory Committee and other community stakeholders, are raising awareness across the Region of the issues and difficulties people with disabilities encounter every day. Through positive partnerships, the Region will keep improving in this area, as we strive towards our goal, 'to work towards removing barriers for the people of Durham Region as they live, work and play in our community.' We remain dedicated to ensuring future decisions, regarding facilities, programs, services, policies and practices will be made with full consideration of impacts to accessibility.

After staff completed their review, in July 2005 Regional Council was provided with the 'Growing Together: Community Strategic Plan, Annual Update, July 2005 Highlights.' I would encourage residents to obtain a copy of the report, which is available by calling Regional Headquarters or by accessing the Regional web site. We have come a long way since the Region's Community Strategic Plan (CSP) was established in 2003, making key in-roads on all CSP objectives. The objectives include: strengthening and integrating our transportation system; protecting the environment; ensuring balanced growth and livable communities; supporting safe, healthy and caring communities; building the Region's economy; and, increasing partnerships and government effectiveness. While many of the CSP objectives were already components of our way of conducting business, we are committed to remain responsive to the vision, mission and objectives provided to us by our citizens.

The Region continues to participate in the Ontario Municipal CAO's Benchmarking Initiative (OMBI), a process to identify and develop appropriate service specific performance measures, capture performance data, and analyze and benchmark results. The goal of the process is to identify best business practices to promote and implement service efficiency and quality. OMBI currently involves 15 municipalities with five expert panels in the areas of Solid Waste, Roads, Water and Wastewater, Emergency Medical Services and Long-term Care and Services for Seniors. The initiative has expanded to include 20

program areas and approximately 300 measures applicable to Durham Region. Performance measurement, and the development of this benchmarking data with municipal partners provides insight into our operations and serves as a management tool in the development and presentation of Business Plans and Budgets.

While 2005 brought significant challenge and change, the year was a positive one due in no small part to the quality of our staff and senior management team. With professionalism and dedication, Regional employees provided the high standard of service delivery required of them, always seeking and implementing improvements to ensure the highest quality service and most effective delivery for our residents. On behalf of all staff of the Region, we are pleased to reflect on the positive accomplishments of 2005 and are looking forward to the opportunities of 2006.



Garry H. Cubitt
Chief Administrative Officer

United Vibrant and Diverse

Our Communities

Town of Ajax

www.townofajax.com

Population: 90,230 **Area:** 68 sq. km. (26 sq. mi.)

The Town of Ajax is a thriving community embracing an active, modern lifestyle while preserving a rich history. The Town was named after the HMS Ajax, a famous World War II fighting ship, and the original anchor and ship's bell remain on display in the Town Hall, which rings to call Town Council meetings to order. The Town continues to attract new residents and businesses and, as the first municipality in Ontario to achieve an ISO 9001 designation, Ajax can respond effectively to the needs of the business community. The large number of prestigious firms that call Ajax home demonstrate its pro-business attitude, including, Messier-Dowty Inc., Lear Corporation and MeadWestvaco Packaging. Ajax is also proud to host the head offices for Nokia and Volkswagen Canada Inc. A new Highway 401 interchange at Salem Road recently opened providing access to the 1,000 acre Carruthers Creek properties, the largest parcel of new prestigious employment land in the Greater Toronto Area (GTA). The slots at Ajax Downs are a significant addition to Ajax's tourism sector. The Town of Ajax offers businesses all the advantage of a larger city at a low cost. Furthermore, quality of life is enhanced for residents by the multitude of sporting venues, a bikeway system throughout Town, over 30 parks and conservation areas, and one of the most picturesque stretches of the Waterfront Trail in the Region.

Township of Brock

www.townshipofbrock.ca

Population: 12,850 **Area:** 426 sq. km. (164 sq. mi.)

An excellent Provincial and Regional road system has attracted many new residents to Brock, who consider the laid back lifestyle well worth a commute to the city. Known as "Durham's Gateway to the North," Brock is bordered by Lake Simcoe and the Talbot River. The Township of Brock encompasses the communities of Beaverton, Cannington and Sunderland, and beckons with pastoral scenery - round hay bales dotting lush green fields, cows huddled under shade trees, rolling hills thick with colourful maples and the Beaver River. In Brock, you can find bed races, a rescued jail and an entire festival dedicated to bass! It's also home to some of the Region's most interesting heritage buildings, fall fairs and festivals, and antique and craft shopping. Brock's maple syrup production is also celebrated each spring when Sunderland hosts a Maple Syrup Festival. Quaint shopping districts in Brock's villages, and the friendliness and warmth for which the area is known, will demonstrate why Brock is known as the 'Community with a Heart.' Brock's key industries are aggregates, glass production, rope and lace manufacturing, metal fabrication, jewelry and badge mounts and acoustical components. There are industrial parcels available within the Township for development.

Municipality of Clarington

www.clarington.net

Population: 82,010 **Area:** 613 sq. km. (237 sq. mi.)

Although known as Ontario's 'vacation heartland,' Clarington is more than just a pretty place. The eastern gateway to the GTA, the Municipality is proud to be home to more than 1,200 commercial enterprises of remarkably diverse sizes and types. The Clarington Board of Trade, formed in June 1998, works in partnership with the Municipality to ensure continued economic prosperity. Attractive industrial land costs and a quality lifestyle make it easy to recruit skilled employees and expand the economic base. One of the Region's largest employers, Ontario Power Generation's Darlington Nuclear Generating Station, is located in Clarington, and produces enough electricity to serve a city of two million. Darlington Nuclear also has a large wildlife area on its property including wetlands and forests. The Holburn Group's recent construction of a multi-million dollar facility in

Sample of Attractions

Archibald Orchards & Estate Winery

Bowmanville Zoological Park

The Pickering Markets & Trade Centre

Scugog Island Cruises

Ajax Downs

Sunderland Maple Syrup Festival

The Robert McLaughlin Gallery

Clarington, a major investment from the biotech sector, will attract more high skilled jobs and further diversify the economy. The Municipality has a breathtaking shoreline, a 17 kilometre stretch of the Waterfront Trail and is very proud of its farming communities, hamlets and major population centres, including Courtice, Bowmanville, and Newcastle Village. Historic downtown shopping districts, new malls, flea markets and auctions co-exist with a beautiful countryside. Go wild or tranquil, in Clarington, the town and country come together!

City of Oshawa

www.oshawa.ca

Population: 150,600 **Area:** 147 sq. km. (57 sq. mi.)

The City of Oshawa, known for its leadership in industry, is home to Canada's newest university. The University of Ontario Institute of Technology (UOIT) is the second largest construction project in Ontario, second only in scope to the Pearson International Airport terminal project. Commercial development is occurring rapidly, and significant investment is anticipated as UOIT grows to over 6,500 students by 2010. The City is well known as Canada's automobile industry hub, being home to General Motors of Canada's Autoplex, Canadian Regional Engineering Centre and Canadian Headquarters. Oshawa's automotive industry will receive a boost from GM's decision to invest $2.9 billion into its Canadian operation. The Stevenson Road Highway 401 interchange will also enhance commercial and industrial growth, as will the extension of Highway 407. Oshawa has a complete range of recreation facilities, and a significant cultural and arts community. The Robert McLaughlin Gallery, museums, live theatre, symphony concerts, and Waterfront Festival and Fiesta celebrations add to the City's cultural kaleidoscope. Community pride is reflected in the picturesque Waterfront Trail, Second Marsh, Pumphouse Marsh, McLaughlin Bay Wildlife Reserve, and breathtaking floral displays. In the City's urban area, you can see an Oshawa Generals Junior A hockey game and watch the legendary team that nurtured greats like Bobby Orr and Eric Lindros, or enjoy shopping at specialty shops and the Oshawa Centre.

City of Pickering

www.cityofpickering.com

Population: 91,785 **Area:** 232 sq. km. (90 sq. mi.)

The City of Pickering is Toronto's eastern neighbour, offering quality of life, business prosperity and attractive, affordable housing. Highway 401 and the new Highway 407 provide efficient and effective transportation options for both residents and business. A growth management study for lands located north of the

City's existing urban boundary is a crucial step towards the creation of a new community, that could result in 90,000 additional residents and 45,000 additional jobs for the City. Meanwhile the Greater Toronto Airport Authority is planning for a proposed reliever airport on federally-owned lands within Pickering. Already recognized as a major energy centre, Pickering is home to Ontario Power Generation (OPG)'s operations, who recently also relocated 450 nuclear engineers and other staff to a new 115,000 square foot facility at Brock and Clements Roads. Recently constructed 'Veridian Centre' in the City's downtown core, includes Veridian's consolidated billing and call centre. Pickering's appeal is as diverse for residents and tourists as it is for business, including recreation opportunities from the Seaton Hiking Trail, the Waterfront Trail and Frenchman's Bay, and the pastoral rolling hills that grace the north. Celebrations, festivals and shopping opportunities abound in Pickering with specialty shops, markets and modern malls.

Township of Scugog

www.township.scugog.on.ca

Population: 22,605 **Area:** 478 sq. km. (185 sq. mi.)

The Township of Scugog is one of the Region's popular tourist destinations. Port Perry, its major population centre, tempts visitors with a charming downtown and specialty shopping district including Victorian architecture. Several hamlets and villages make for breathtaking sight seeing.

Culture, heritage, family attractions, romantic getaways...
it all awaits you here in Durham Region where you'll discover there is something for everyone.

Whether your choice is a day trip, weekend getaway or family vacation - Durham Region has exactly what you are looking for.

For more information on Tourism contact
Durham Region Tourism
Tel.: 1-800-413-0017 or visit www.durhamtourism.ca

Summers sizzle with Festival Days and the Highlands of Durham Games. Agricultural fall fairs and farmers' markets are enjoyed. The Township provides fabulous venues for skiing, snowmobiling and fishing. You can gamble on some serious fun at the Great Blue Heron Charitable Casino on the First Nations Mississauga Indian reserve on Scugog Island. For a taste of culture, Port Perry's historic former Town Hall is the site for music and theatre. The Kent Farndale Gallery holds art shows year-round and the Scugog Shores Museum Village hosts festivals and seasonal events. Resident internationally acclaimed inventors, Bill and Paula Lishman may be seen soaring overhead in an ultra-light plane, followed by a 'V' of Canada geese or sandhill cranes. The Nonquon Wildlife Area offers hiking, canoeing and one of the best birding habitats in the GTA and each summer Scugog hosts the traditional "Canoe the Nonquon" competition. Scugog's industry includes manufacturing, woven garments, roof trusses, automotive racks, and motorcycle exhausts and more recently Adamson Sound located here to produce their state-of-the-art audio systems. North Port Industrial Park, Reach Industrial Park and Success Industrial Park have zoned acreage ready for development.

Township of Uxbridge

www.town.uxbridge.on.ca

Population: 20,550 **Area:** 424 sq. km. (163 sq. mi.)

Just a 20-minute drive from the City of Markham or the City of Pickering, Uxbridge has become one of the Greater Toronto Area's most desired residential locations. History and the arts attract people to Uxbridge, as does its quaint shopping district. Architecturally and historically significant homes, churches and buildings are a draw for both residents and visitors, including the Byzantine style Foster Memorial Temple and the former St. Paul Presbyterian Church Manse in Leaskdale, former home of Lucy Maud Montgomery. The Township's original settlers

Sample of Attractions

Mosport International Raceway

Durham Countryside Adventure

Jungle Cat World

Ocala Orchards & Farm Winery

Great Blue Heron Charity Casino

Parkwood Estate & Gardens

Oshawa Generals Junior A Hockey

York-Durham Heritage Railway

were Pennsylvania Quakers and the 1820's meeting house they built is one of the Region's oldest buildings. The Uxbridge-Scott Museum displays historic artifacts in eight beautifully preserved buildings. In 1996, Uxbridge celebrated the grand opening of the York-Durham Heritage Railway, including a fully restored rail station where travelers can board the nostalgic train and enjoy the scenic ride between Uxbridge and Stouffville. The Township is a haven for patrons of the arts and many award-winning artists, authors, musicians, actors and sculptors live here and participate in local events. Uxbridge's economic sectors include aggregates and concrete products, nurseries, metal recycling, food processing, parts manufacturing, automation testing equipment, woodworking and printing. The Uxbridge Industrial Park and other industrial parcels are potential development lands.

Town of Whitby

www.town.whitby.on.ca

Population: 114,660 **Area:** 147 sq. km. (57 sq. mi.)

Revitalization, downtown improvements and new business investment continue to make downtown Whitby an important business district. Durham College's Whitby facilities have also recently undergone redevelopment. Three new civic projects include: a new 54,000 square foot central library, an associated civic square, and renovations to the Centennial Building, which originally opened in 1854. While possessing a sentimental attachment to the past, the community has developed a vibrant and progressive character in the heart of Durham Region. The population of Whitby is anticipated to reach 128,500 by year-end 2010. Recent surges in population have been accompanied by an increase in retail and entertainment development projects, including the Whitby Entertainment Centrum and the Thickson Road/Highway 401 Power Centre. Iroquois Park Sports Centre in Whitby is Canada's largest municipally owned recreation facility, hosting major tournaments and special events. Whitby's six-kilometre stretch of the Waterfront Trail forms a picturesque shoreline for recreation and conservation. With theatres, galleries, sports, festivals and extensive shopping choices, it is difficult to choose from the rich kaleidoscope of activities. Whitby also hosts a strong and diversified industrial sector, including the plastics, packaging, pharmaceutical, steel, telecommunications, technology and automotive industries. Industry benefits from affordable and available serviced industrial land and a relatively young and skilled labour force.

Durham's Community Strategic Plan
Growing Together

The Community Strategic Plan (CSP) is designed to incorporate a broad community vision into specific objectives, strategic actions and desired results.

The Plan is an umbrella document and other plans, policies and strategies support the CSP, as well as take direction from it.

For more information, or to receive a copy of "Growing Together: Durham's Community Strategic Plan," or the July 2005 Update, please visit our web site www.region.durham.on.ca or call the Region at 905-668-7711 or 1-800-372-1102.

Our theme for Durham's CSP is "Growing Together." This theme conveys two meanings: the anticipated growth of Durham's communities, and our commitment to partnership – working together with our citizens, community organizations, businesses and other levels of government to achieve our community vision.

Durham's citizens expect accessible, accountable and responsive government. The annual update report on the status of the actions identified in the CSP went before Regional Council in July 2005. The brochure, "Growing Together Community Strategic Plan: Annual Update July 2005 Highlights" is available on the Regional web site www.region.durham.on.ca or by calling the Regional Headquarters at 905-668-7711 or 1-800-372-1102.

Community Vision

Durham will be a united group of diverse communities recognized for their leadership, community spirit and exceptional quality of life.

Corporate Mission

To meet the needs of our citizens through leadership, cooperation and service excellence.

Corporate Values and Operating Principles

- Leadership
- Respect, Professionalism, Trust and Integrity
- Teamwork, Cooperation and Partnerships
- Accountability
- Sound Fiscal Management
- Responsive to Changing Needs
- Public Awareness and Accessibility
- Quality
- Continuous Learning and Improvement

To protect and enhance the environment.

To strengthen and integrate the transportation system.

To ensure balanced growth and livable communities.

Durham's Strategic Community Objectives

To support safe, healthy and caring communities.

To build the Region's economy.

To increase partnerships and government effectiveness.

"Service Excellence for Our Communities"

Report From the

Commissioner of Finance and Treasurer

It is with pleasure that I present the Annual Financial Report of the Regional Municipality of Durham, Ontario, Canada. This report provides financial results for the year ended December 31, 2005.

Durham's economic growth is anticipated to remain strong over the next five-year business planning period. Economic strength is being fuelled by the Region's strong population growth, competitive location, advantages with respect to a highly developed energy, communications, transportation and social infrastructure, and the Region's young and highly skilled labour force.

According to the Conference Board of Canada, the local Oshawa Census Metropolitan Area (CMA) recorded the strongest rate of economic growth among Ontario's CMAs during 2005. Although the local manufacturing sector is not isolated from Ontario's challenges faced due to a strengthened Canadian dollar and competition from low cost overseas markets, a GDP growth rate of between three and four percent is still anticipated within the Region through to 2010. Population growth in Durham has been consistently at or above two percent per year, with expansions in the services sector averaging 4.5 percent growth per year over the last 18 years, according to the Conference Board.

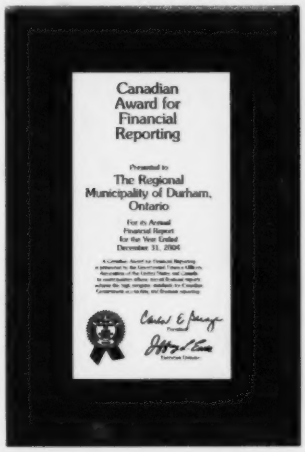
"The resale market remains buoyant, driven by low mortgage rates, a strong local economy and migration from Toronto. Both first-time and move-up buyers continue to take advantage of the low mortgage rates and more affordable homes in the Oshawa Census, Metropolitan Area (CMA)."

Canada Mortgage and Housing Corporation, Housing Now, First Quarter 2005

Durham has a competitive advantage when it comes to housing affordability within the Greater Toronto Area and this factor is anticipated to continue to strengthen demands for housing, commercial and professional services. Another boon for the Region is the continued expansion of the new University of Ontario Institute of Technology (UOIT), anticipated to exceed 6,500 students by 2010, compared to over 3,000 students in 2005/06.

The total value of building permits issued in Durham Region in 2005 increased by 19.5 percent, to $1.6 billion, with $1.1 billion of the total in the residential sector. In 2005, there were 5,488 housing starts, compared to 5,447 in 2004. The trend of over 5,000 starts commenced in 2002. According to the Canada Mortgage and Housing Corporation, housing starts in Durham Region averaged just 3,619 starts between 1996 and 2001. Although it has risen, our unemployment rate still remains slightly below the Provincial and Federal average of about 6.6 percent. Not only does the rise reflect challenges faced by the manufacturing sector, it also reflects a significant increase in the size of the total local labour force due to population growth. The Conference Board predicts job growth in the Oshawa CMA will remain fairly brisk, averaging 2.7 percent annually over 2006 and 2007.

Housing starts may settle to a level closer to the historical average, particularly if interest rates continue to edge up. However, some major infrastructure projects and increased private investments have had a significant positive impact on the economy and will ensure positive long-term growth within the Region. These include, but are definitely not



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a second consecutive Canadian Award for Financial Reporting to the Regional Municipality of Durham for its annual financial report for the fiscal year ended December 31, 2004. The Canadian Award for Financial Reporting program was established to encourage municipal governments to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

limited to, the new Highway 401 Interchanges, including one completed at Salem Road in the Town of Ajax and one under construction at Stevenson Road in the City of Oshawa. The Regional economy will also get a boost from additional projects, including the new Courtice Water Pollution Control Plant in the Municipality of Clarington and the $2.9 billion investment in the Beacon project by General Motors of Canada and its partners. Longer term, there will be further expansion of the Highway 407 into the Municipality of Clarington, as well as a new Highway 401 Interchange planned for Lake Ridge Road in the Town of Whitby.

The economic growth being experienced in Durham adds significantly to the financial pressures being faced by the Region which must respond to increased demands for Regional services, and higher costs for Regional infrastructure, including Regional roads, water supply and sanitary sewerage, long-term care facilities, police infrastructure and new emergency medical services capital, such as ambulance stations, vehicles and equipment. The Region throughout 2005 also prepared for the transfer of transit capital and operations to the Regional level.

In dealing with these inevitable cost pressures, the Regional Municipality of Durham relies on its long record of sound financial planning, based upon prudent assumptions. A long-time commitment to up-front financing and maintenance of strong reserves and reserve funds and a low burden of debt enhances the Region's flexibility, and its ability to meet financial obligations and pressures. In addition, the Region's Asset Management program, initiated in 2004, provides comprehensive information regarding the inventory, condition, replacement value, and long-term capital requirements of the Region's roads, water and sewer infrastructure and ensures that rehabilitation requirements for roads, water and sewer infrastructure are adequately funded.

Financial Management and Control

The Region of Durham maintains internal administrative and accounting controls to ensure that financial information is reliable and relevant and that the Region's assets are safeguarded.

The Region's Purchasing By-law and Budget Management Policy, in conjunction with other Regional Policies and Provincial legislation, govern the fiscal responsibilities of the Regional administration. Regional By-laws prescribe purchasing, accounting, investment, risk management and debt

policies and procedures that ensure effective and clear guidelines for expenditures and the requisition of goods and services.

The Budget Management Policy for example, addresses the balance between Regional expenditures and the availability of funding. Budget Management and Purchasing policies provide an accountability framework that establish the extent of authority for spending decisions, both planned and unplanned, and outline the discretion permitted in those spending decisions, as delegated by Regional Council.

The Region of Durham's commitments to long-term financial planning and sound fiscal policies provide a solid foundation for financial management and promote a healthy capital financing structure. Our "pay-as-you-go" financing philosophy, low levels of debt issuance, strong reserve and reserve fund strategies, and "growth-pays-for-growth" development charges policy contribute to the Region's fiscal strength.

Both Standard & Poor's and Moody's Investors Services reaffirmed the Region's financial strengths, upholding Durham's long-standing "Triple A" credit rating. This highest rating category places Durham in a select group of municipalities with an exemplary reputation in the investment community and who are seen as leaders in fiscal responsibility and integrity. Based upon the firm's 2005 review of the Region, Moody's identified Durham's major credit strengths supporting a Triple A rating as:

- Strong financial performance supported by utilization of multi-year economic and financial forecasting to guide the development of annual operating and capital budgets;
- Rigorous management practices that have succeeded in maintaining a low debt burden and high levels of reserves;
- Conservative forecasts covering various risk scenarios and facilitating the management of cost pressures and far-sighted decision making; and,
- Continued economic expansion and assessment growth.

Moody's was impressed with the Region's detailed business planning cycle. In particular, Moody's identified the importance of Regional Council's financial planning and decision making process through the utilization of a five-year economic and financial planning forecast, noting:

> "Durham's plan, which covers a five-year horizon and is updated annually, relies heavily on pay-as-you-go financing and restricts debt financing to cover only major capital projects. The prioritization of capital projects, including life-cycle maintenance and growth related projects is facilitated by recommendations from an internal asset management team that monitors the state of the region's infrastructure."

The Regional Business Planning Cycle: Long-term Financial Planning

Commencing with fiscal year 2000, Regional Council established pre-budget guidelines for annual operating and capital expenditures and financing based upon a multi-year budget forecast provided by Regional staff. The annual "Five-year Economic and Financial Forecast and Budget Guidelines" report provides Regional Council each year with preliminary estimates of financial requirements facing the Region over a five-year horizon, as well as potential sources of financing. The Region currently completes separate annual Servicing and Financing Studies, including multi-year capital expenditure forecasts in the areas of Regional Roads, Water Supply and Sanitary Sewerage, Solid Waste Management and Social Housing. With the Durham Region Transit Commission commencing operations January 1, 2006, an annual Servicing and Financing Study for Regional Transit operations will also be required as part of the corporate business planning and budget process.

The Region's Business Planning and Budget Cycle commences with the prioritization of strategic actions established under the Community Strategic Plan (CSP).

With a focus upon desired results, all Regional Business Plans and Budgets balance CSP strategic actions with available financing on an annual basis. The CSP initiates and is implemented through the Region's Business Planning Cycle. Intertwined with multi-year forecasts, detailed business plans (including budgets), performance measures and the reprioritization of programs and service levels, CSP objectives and priorities can be prudently implemented within a sound fiscal framework, while focusing on realistic and timely program and infrastructure priorities. The Business Planning Cycle, incorporating the CSP, is an enhancement to the Region's commitment to transparency and accountability.

Financial Accountability

The Region fully supports the goal of financial accountability to taxpayers, an objective at the heart of all Regional corporate strategies and the Community Strategic Plan. Durham is in compliance with all guidelines that are established by the Municipal Performance Measurement Program (MPMP), a Province-wide program that requires municipalities to report on measures that reflect the efficiency and effectiveness of public services. Durham Region endorses these guidelines and is also an active member in the Ontario Municipal Benchmarking Initiative, a voluntary project to identify and share best practices of service efficiency and quality in Ontario Municipalities. For information on the MPMP program, I would encourage readers to visit the Regional web site at www.region.durham.on.ca or call the Region at 905-668-7711 or 1-800-372-1102.

Financial Statements

Management of the Region is responsible for the preparation and integrity of the accompanying financial statements and all other information contained in this Annual Report. The financial statements herein have been prepared in accordance with accounting policies that conform to local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgements.

The Region is required by the Municipal Act to engage independent auditors to express an opinion as to whether our financial statements present the Region's financial position and operating results fairly in all material respects. Deloitte & Touche LLP has fulfilled this audit function as evidenced by the audit reports included in this document.

R.J. Clapp, CA
Commissioner of Finance and Treasurer
June 30, 2006

Durham Region

Economic Climate

Despite the anticipation of a slower overall economic expansion in 2005, due to continued challenges from the strong dollar, higher energy and production input prices, greater competition (particularly from overseas producers) and moderating U.S. growth, the Ontario economy actually grew by 2.8 percent in 2005, a level slightly stronger than the 2.7 percent reported for 2004. Furthermore, at 6.6 percent the Ontario unemployment rate was at its lowest level since 2001. According to a recent Ontario Government Economic Update, in 2005, consumer spending was a major contributor to this economic growth, with real personal expenditures rising by 3.6 percent, the largest gain since 2002.

The total value of building permits issued in the Region of Durham during 2005 was the second highest in the Region's history. Since the Region's inception in 1974, the total value of building permits issued annually in Durham has averaged approximately $624.6 million. During 2005, permit values were more than twice the historical average.

Higher domestic demand and effective industry adjustment to the rising dollar, helped offset challenges in manufacturing dominated southern Ontario due to the rising valuation of the Canadian dollar. After posting an increase of close to 30 percent over 2003 and 2004, the Region's export dominated manufacturing sector endured a Canadian dollar that averaged 84 cents during 2005. Although a drain on sales for the exporting industries, with the majority of equipment imported from the United States, the continuing strength of the Canadian dollar provided Canadian firms with an opportunity to increase capital investment at a significantly lower cost. According to Statistics Canada "Private and Public Investment Intentions Survey", Ontario businesses and public sector institutions plan to increase investment even further by 6.5 percent to $95.5 billion in 2006. This would be the strongest increase in capital spending since 1999.

General Motors of Canada has provided residents some encouraging news with the announcement of the "Beacon Project," a $2.9 billion reinvestment in GM's Canadian operations, representing the largest automotive investment in Canadian history. Included in this investment is the $582 million investment in the City of Oshawa paint shop for two car operations, the introduction of flexible manufacturing systems, the expansion of Canadian engineering and design, and the establishment of a Canadian Automotive Centre of Excellence to be based at the new University of Ontario Institute of Technology. Although GM's restructuring announcements in 2005 caused some uncertainty for Canadian manufacturing facilities, including plants in the City of Oshawa, the company has restated its commitment to invest in the Region and reinforced its commitment to the full investment under the Beacon project.

Including consideration of the "...huge boost from GM's recent decision..," the Conference Board of Canada in its 'Spring 2005 Metropolitan Outlook,' anticipates the Oshawa Census Metropolitan Area "...to enjoy the fastest growing metropolitan economy over 2006 to 2009."

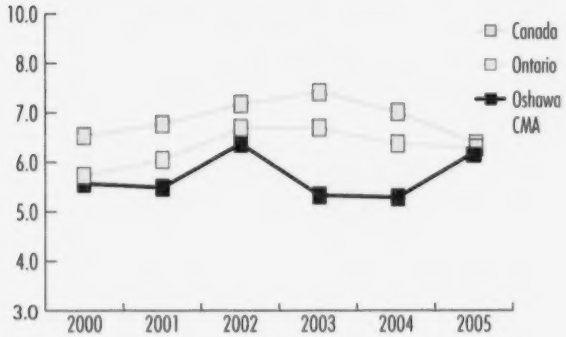
Durham's economy, characterized by high employment levels and significant new capital investment, remains very positive. However, a robust economy also leads to significantly increased growth pressures and corresponding demands for more services and infrastructure expansion. The Regional Corporation is committed to responding to these demands in a fiscally responsible manner with timely infrastructure developments, including, but not limited to: the improvement and development of regional roads; water supply and sanitary sewerage; police and emergency medical facilities and equipment; and long-term care facilities.

Economic Indicators

Unemployment Rates

While the Region's unemployment rate remains below the Provincial and Canadian averages for the seventh consecutive year, in 2005 the difference is slight, as the unemployment rate in the Oshawa CMA has risen towards the Provincial and Canadian averages. The 2005 Canadian average unemployment rate is 6.7 percent, Ontario is 6.6 percent and the Oshawa CMA is 6.5 percent. The manufacturing sector incurred employment losses in 2005, however the increasing unemployment rate also reflects significant growth in the total labour force. Total employment within the Oshawa CMA increased by 2.1 percent, to 174,000 jobs in 2005, according to the Conference Board of Canada. Sectors offsetting a 0.7 percent decrease in manufacturing jobs included construction, transportation and communications, public administration, and finance, insurance and real estate.

Unemployment Rates 2000 to 2005



Sources: Statistics Canada and The Conference Board of Canada

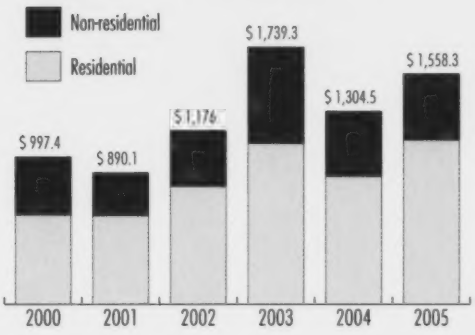
Building Permits

At $1.56 billion, the total value of building permits issued in the Region of Durham during 2005 was the second highest in the Region's history, next to the $1.74 billion issued in 2003. Since the Region's inception in 1974, the total value of building permits issued annually in Durham has averaged approximately $624.6 million. During 2005, permit values were more than twice the historical average.

The 2005 growth in total building permits was primarily attributed to significant investment in the residential sector. Over 70 percent of the total 2005 value was attributed to residential building permits, which totaled $1.1 billion. This is up 28 percent compared to 2004, when the residential permit value was $865.8 million. Compared to other municipalities in the Greater Toronto Area, Durham experienced the greatest increase in total building permit value during 2005 at 19.5 percent. Durham's share of the total GTA building permit value (totaling approximately $13 billion in 2005) increased from 9.9 percent to 12.2 percent in 2005.

Non-residential building permit activity also remained strong during 2005 increasing from $438.7 million in 2004 to a level of $446.5 million. This marks the second highest non-residential total achieved in the Region's history, after 2003 ($649.8 million). Since 1974, the non-residential building permit value has averaged $196.8 million per year. The non-residential increases were primarily in the commercial and governmental sectors with decreases in the industrial, institutional and agricultural sectors compared to 2004.

Value of Building Permit Activity 2000 to 2005 ($ millions)



Source: Durham Region Planning Department

Major non-residential building projects in 2005

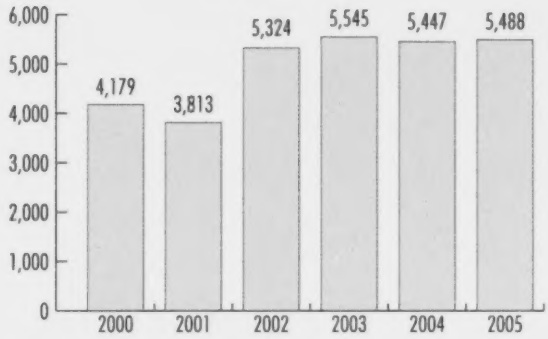
- A new Sports and Entertainment Centre in the City of Oshawa;
- The new Durham Region Courtice Water Pollution Control Plant in the Municipality of Clarington;
- Construction at Ajax Downs raceway and slots facility;
- Construction at the BMW distribution warehouse in the Town of Whitby; and,
- New elementary schools built in the Town of Ajax, the Municipality of Clarington and the Township of Brock.

Housing Starts

Low interest rates, strong employment levels and a significant in-migration have provided a strong catalyst for housing demand in Durham Region, particularly since 2002. According to the Canada Mortgage and Housing Corporation (CMHC), there were 5,488 starts in the Region of Durham during 2005, up slightly from 5,447 starts in 2004. Housing starts remain over the 5,000 mark and are only slightly below 2003, which was a banner year for housing starts in Durham Region, and the best year since 1989.

New home buyers are looking to Durham Region which maintains a competitive pricing advantage compared to other GTA Regions. More affordable home prices are a draw for potential buyers, as is the quality of life available.

Durham Region Housing Starts 2000 to 2005



Source: Canada Mortgage and Housing Corporation (CMHC)

Growth and Spending

Significant population growth has resulted in a vigorous housing sector, as well as increasing demands for services from both public and private service providers. Durham's low unemployment rates, and relatively higher personal income levels, also provide support for private sector consumer spending. In 2005, personal income per capita within the Oshawa CMA was estimated at $33,600, compared to $33,300 per capita for Ontario and $31,600 per capita for Canada as a whole (The Conference Board of Canada; Statistics Canada).

Durham Region

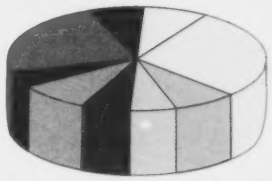
Financial Results

Operating Fund Expenditures

Total operating fund expenditures increased in 2005 by 7.9 percent from $564.5 million to $609.3 million. Major expenditure increases for 2005 included:

- 20 new police officers and eight police civilian staff;
- 12 new Emergency Medical Services paramedics;
- Additional debt service expenditures to fund capital for Long Term Care and Services for Seniors;
- Funding to Conservation Authorities for watershed planning and monitoring, ground water management, flood forecasting and natural hazard mapping initiatives;
- Funding contributions to the Rouge Valley Health System Foundation and the University of Ontario Institute of Technology; and,
- Case load increases for Social Assistance.

2005 Operating Fund Expenditures
$609.3 million



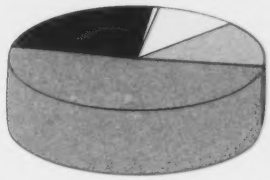
- General government 6%
- Protection to persons and property 23%
- Transportation services 5%
- Sanitary sewerage 9%
- Water supply 6%
- Solid waste management 6%
- Health services 8%
- Social and family services 28%
- Social housing 8%
- Planning and development 1%

Operating Fund Sources of Financing

Operating fund sources include Regional property taxes, user charges and transfer payments from federal and provincial governments.

Revenue from property taxes increased to $372.1 million in 2005, compared to $341.5 million in 2004, representing an increase of approximately nine percent. This increase in revenue was primarily due to assessment growth, however a 2005 property tax increase is also included in the total. The 2005 regional property tax increase represented an average residential property tax impact of 5.82 percent for the average residential property owner, when combined with the 2005 Solid Waste management property tax requirement.

2005 Operating Fund Sources of Financing
$726.3 million



- Ontario transfer payments 18%
- Deferred revenues earned 1%
- Other 3%
- Regional property taxes 51%
- Water and sewer user charges 14%
- Other user charges 10%
- Fines 1%
- Canada transfer payments 2%

Water Supply and Sanitary Sewerage

The Region is responsible for providing safe and reliable operations and maintenance of water supply and sanitary sewerage systems, which efficiently meet requirements of existing and future residents and businesses. These operations are funded primarily from Region-wide uniform user rates. Water and sewer rates and rate structure,

development charge receipts and long-term capital requirements are reviewed annually to ensure efficient operations and continued viability of the water supply and sanitary sewerage systems.

During 2005, the Region continued to develop and improve the Asset Management initiative established in 2004, which has led to comprehensive information regarding the inventory, condition, replacement value, and long-term capital requirements of the Region's water and sewer infrastructure. The Asset Management strategy will continue as an on-going corporate initiative to ensure that rehabilitation requirements for water and sewer infrastructure are adequately funded.

The Region adheres to the "user pay" principle when setting water and sanitary sewer rates. This principle results in charging water and sewer customers in proportion to costs incurred in providing those services. In 2005, an eight percent water and sewer rate increase was approved to fund:

- Increased operating costs;
- Increases in labour and utility costs;
- The replacement of water mains and sanitary sewers;
- Increased disposal costs for biosolids; and,
- Increased debt costs associated with the new Courtice Water Pollution Control Plant.

Surplus from water and sewer operations is transferred to the respective Treatment Plant/Rate Stabilization Reserve Funds to finance future capital upgrades and the replacement of aging infrastructure. Balances at the end of 2005 were $34.6 million (2004 $58.5 million) for sewer services and $23.8 million (2004 $23.6 million) for water services.

Solid Waste Management

Major Solid Waste Management expenditures relate to the Region's responsibilities for waste collection, haulage, processing, disposal and diversion initiatives.

Effective January 1, 2006, the Town of Ajax will join the City of Pickering, Townships of Brock, Scugog and Uxbridge, and the Municipality of Clarington, in transferring responsibilities, for the collection of all waste materials, to the Region in order to implement the Region's new Integrated Waste Program, including the curb side collection of kitchen organics. The Town of Whitby and the City of Oshawa, will maintain responsibility for garbage and leaf and yard waste collection, but have partnered with the Region to implement standardized service specifications for the collection of kitchen organics Region-wide, and its delivery to a new private enclosed compost facility to be constructed in the City of Pickering. The new facility will commence operations July 1, 2006. During 2005, 21,220 tonnes of food and yard waste were composted, representing approximately 10 percent of the waste stream. This compost diversion total is anticipated to increase substantially with the launch of the weekly kitchen food waste collection program in the Towns of Ajax and Whitby and the Cities of Pickering and Oshawa on July 1, 2006.

On the same date, the Region will move from a weekly to a bi-weekly garbage collection schedule, and from a bi-weekly to a weekly Blue Box collection schedule. In 2005, the Blue Box program consisted of the collection, processing and marketing of approximately 46,000 tonnes of recyclables or approximately 20 percent of Durham's waste stream. Based upon the experience of other Regions that have moved to weekly Blue Box collection, the increase in the frequency of Blue Box collection is anticipated to result in a significant increase in the amount of Blue Box materials collected in the Region.

The Region owns and operates a rural landfill site, three waste management facilities, a recycling processing facility, several household hazardous waste depots, and conducts proactive promotional and educational programs to

encourage residents to reduce, reuse, recycle and compost. During 2005, the Region sent approximately 148,700 tonnes of garbage waste to landfill, with an overall diversion rate of approximately 36 percent. It is anticipated that with new waste diversion programs fully implemented, the Region can reach its 50 percent waste diversion target by 2007.

Revenue sources consist of Solid Waste Management property taxes, user fees, subsidies and the sale of recyclables. Uncertainties that can lead to a surplus (or deficit) position for this operation include tonnage variances, subsidy changes, and fluctuating market prices for diversion materials. At year-end 2005, including interest earnings, the Solid Waste Management Reserve Fund, had a balance of $14.7 million.

The Solid Waste Management Budget is separate from the Region's general purposes budget and is funded by user fees and a Solid Waste Management Property Tax Rate.

Capital Fund Expenditures

Capital investment is necessary to maintain current infrastructure and provide for future requirements. In 2005, capital fund expenditures totalled $188.5 million compared to $153.4 million in 2004.

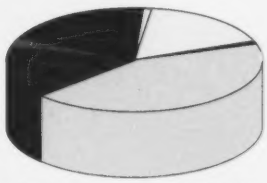
Transportation and Environmental Services (water supply and sanitary sewerage) were the highest spending categories. Major roads projects included:

- Reconstruction of Myrtle Road in the Town of Whitby and City of Oshawa;
- Reconstruction of Regional Road 10 in Sunderland, Township of Brock;
- Reconstruction of Simcoe Street in the Township of Scugog;
- Land acquisitions for major reconstruction and widening of Taunton Road from the Town of Ajax through to the City of Oshawa;
- Reconstruction of segments of Bloor Street in the City of Oshawa;
- Various intersection improvements as well as major road and bridge rehabilitation projects throughout the Region; and,
- Construction of a road and rail diversion to allow a rail grade separation at Brock Road.

Major 2005 water supply and sanitary sewerage capital projects included:

- Commencement of construction of the Courtice Water Pollution Control Plant (scheduled for completion in the Fall of 2007)
- Water main rehabilitation (cement lining program);
- Replacement of watermains and sanitary sewers in conjunction with Area Municipal roads programs;
- New feedermains;
- Upgrading of water supply facilities across the Region to comply with Ontario Drinking Water Protection regulations; and,
- Design costs for the incineration expansion at the Duffin's Creek Water Pollution Control Plant.

2005 Capital Fund Expenditures
$188.5 million



- General government 18%
- Protection to persons and property 3%
- Transportation services 16%
- Environmental services 43%
- Health services 1%
- Social and family services 17%
- Social housing 1%
- Planning and development 1%

Capital Fund Sources of Financing

The Region's 2005 capital spending program was financed from the operating fund, reserves and reserve funds, debentures, development charges, subsidies and local municipal recoveries.

In 2005, $40.0 million of new debenture debt was issued to assist in financing the new Courtice Water Pollution Control Plant in the Municipality of Clarington.

Development charges are collected from developers and are held by the Region to finance future residential and commercial growth related projects for water, sewer, roads and other specific purposes. In 2005, contributions to the capital fund from development charges totaled $28.8 million, compared to $38.4 million in 2004.

Debt Position

The Region's debt management policies are governed by provincial legislation and Regional Council's approval. As noted above, in 2005 new debt was issued to fund the construction of the Courtice Water Pollution Control Plant. As a result, the Region's debt burden increased to $211.5 million from $181.6 million, net of debt payments made during the year.

Despite recent increases to fund capital necessary to meet growth demands, the Region maintains relatively low debt levels and continues to adhere to the pay-as-you-go financing philosophy, ensuring debt issuance only for major projects. The Region's strong capital structure, and solid reserves and reserve funds, also help to ensure debt is minimized.

The Region is responsible for debenture debt totaling $351.2 million at December 31, 2005. Of this debt, $139.7 million or 40 percent was issued on behalf of Durham local municipalities and school boards, who in turn are responsible for paying the Region both principal and interest. The Region is the authorized entity for debt issuance for all local municipalities within its jurisdictional boundaries. The net debt to be financed by the Region itself is $211.5 million.

"Durham's capital requirements and debt forecast are outlined in a five-year capital plan, revised annually. The region relies heavily on pay-as-you-go financing, issuing debentures to cover only major capital projects. An asset management team monitors closely the state of the region's infrastructure – the replacement value of which is estimated at C$4.9 billion – and helps to prioritize capital spending needs."

Moody's Investors Service,
Credit Analysis, January, 2005

Durham's Credit Rating

Both Standard & Poor's and Moody's Investors Service re-affirmed the Region's long-time Triple A credit rating for the Region's long-term debentures, with a continued stable outlook. The annual rating review includes consideration of performance of the Regional economy and financial results achieved by the Region, including its eight local municipalities.

The Region's 2005 credit fundamentals were reviewed and Durham's major credit strengths were identified as follows:

- Strong financial performance supported by utilization of multi-year economic and financial forecasting to guide the development of annual operating and capital budgets;
- Rigorous management practices that have succeeded in maintaining a low debt burden and high levels of reserves;
- Conservative forecasts covering various risk scenarios and facilitating the management of cost pressures and far-sighted decision making; and,
- Continued economic expansion and assessment growth.

Two of Durham Region's most important financing policies are "pay-as-you-go" capital financing and "growth pays for growth" development financing policies, which are reflected in the Region's current and long-standing triple A

credit rating. The Region will uphold these philosophies. Although significant capital outlays for infrastructure are still required over the next five years, a continued focus on internal funding will minimize future debt issuance needs.

Reserves and Reserve Funds

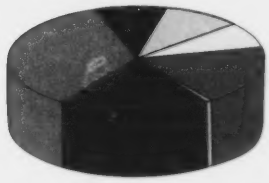
Recognizing their importance to the overall financial strategy, the Region continues to maintain solid reserve and reserve fund positions, ensuring maximum flexibility, minimal impacts from growth and future liabilities, and a solid foundation for the Region's pay-as-you-go financing philosophy. Regional reserve and reserve fund balances are continuously monitored to ensure they are sustained at adequate and appropriate levels to meet present and future requirements. Reserves and Reserve Funds, at December 31, 2005, totaled $344.2 million, an increase of 1.2 percent compared to the December 31, 2004 balance of $339.9 million. The majority of the Region's reserves and reserve funds are committed towards financing future capital construction costs for water supply, sanitary sewerage, regional roads, solid waste management and future liabilities.

Reserves

At the end of 2005, the Region's eleven reserves reached $154.4 million, an increase in value of $17.5 million or 12.8 percent, compared to the 2004 balance of $136.9 million.

The Region's Reserves are established for specific purposes, such as providing working capital to mitigate fluctuations in annual cash flows. Two reserves provide the Region with necessary financing for future liabilities: sick leave and contingencies reserves. Other reserves have been established to enable up-front financing of major capital expenditures or are used to finance projects budgeted in one year, but with construction taking place over more than a year (capital construction, regional roads, long-term care and equipment replacement reserves).

2005 Reserves
$154.4 million



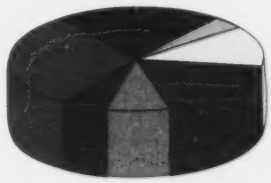
Contingencies 1%
University area servicing 1%
Employee benefits 3%
Capital 35%
Sick leave 19%
Homes for aged 1%
Working capital 18%
Property tax assessment appeals 8%
Equipment replacement 10%
Roads 4%

Reserve Funds

Reserve funds are monies set aside to finance specific future costs. The Region's reserve funds totaled $189.8 million at the end of 2005, a decrease of $13.2 million compared to 2004.

The Region of Durham maintains a General Levy Stabilization Reserve Fund for tax stabilization purposes, and to guard against the risk of significant unforeseen expenditures.

2005 Reserves Funds
$189.8 million



Worker's compensation 10%
General levy stabilization 30%
Insurance 6%
Solid waste management 8%
Sewer treatment plant/rate stabilization 18%
Water treatment plant/rate stabilization 13%
Social housing 4%
Others 11%

Note: This chart excludes development charges/deferred revenues totaling $213.2 million.

Financial Management Team

Finance Department

R.J. Clapp, CA

Commissioner of Finance and Treasurer

P.N. Richards, BBA, MBA

Director of Budgets, Economic Studies and Risk Management

M.E. Simpson, BA, MA

Director of Financial Planning

D.W. Beaton, BAS

Director of Financial Information Management Services

J.M. Cermak, CA

Director of Financial and Utility Services

R.A. Crystal, CMA

Manager of Accounting

S. Coward, BA, FCIP, CRM

Manager of Insurance and Risk Management

Auditor

Deloitte & Touche LLP Chartered Accountants

Banker

The Royal Bank of Canada

Fiscal Agents

RBC Dominion Securities Inc.

CIBC World Markets

Annual Report

The Regional Municipality of Durham

Financial Information

for the year ended December 31, 2005

Durham Region

Management Report

The Management of the Corporation of the Regional Municipality of Durham is responsible for the preparation and integrity of the accompanying Consolidated Financial Statements and all other information contained in this Annual Report. The financial statements herein have been prepared in accordance with generally accepted accounting principles applicable to local governments, and conform with accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Where the determination of assets and liabilities is dependent upon future events, amounts are based upon reasonably determined estimates and judgements. Financial data presented elsewhere in the Annual Report is consistent with that of the Consolidated Financial Statements.

Management maintains systems for accounting, business planning and budgeting, an internal audit function, as well as other internal controls, to provide assurance that transactions are appropriately authorized and recorded accurately, that assets are secured and accounted for, and that the integrity and completeness of financial records is maintained.

The 2005 Consolidated Financial Statements, Notes to the Financial Statements, Supporting Schedules, and the Trust Funds Financial Statements have been independently audited by Deloitte & Touche LLP. The Auditors' opinion on the fair presentation of Durham's financial position, results of its operation, and changes in financial position for the year ended December 31, 2005, are included in the Auditors' Reports that follow.

R.J. Clapp, CA
Commissioner of Finance and Treasurer
June 30, 2006

Annual Report

Consolidated Financial Statements and Auditors' Report

for the year ended December 31, 2005

Deloitte.

Deloitte & Touche LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the consolidated statement of financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2005 and the consolidated statements of financial activities and fund balances and of changes in financial position for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Regional Municipality of Durham as at December 31, 2005 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
May 31, 2006

Member of
Deloitte Touche Tohmatsu

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Position

December 31, 2005

(in thousands of dollars)

	2005	2004
ASSETS		
Financial Assets		
Cash and investments (Note 3)	$ 815,864	$ 765,820
Accounts receivable	56,404	44,578
Other assets	3,536	2,842
Debenture debt recoverable from local municipalities and school boards (Note 4)	139,723	116,251
	1,015,527	929,491
LIABILITIES		
Accounts payable and accrued liabilities	125,826	114,752
Deferred revenue - Schedule 5	213,247	171,340
Other deferred revenue	9,651	12,712
Debenture debt (Note 4)	351,228	297,809
Employee benefits and post employment liabilities (Note 6)	70,440	66,195
Landfill closure and post closure liability (Note 7)	8,064	3,373
	778,456	666,181
NET FINANCIAL ASSETS	$ 237,071	$ 263,310
MUNICIPAL POSITION		
Operating Fund - Schedule 1 (Note 13)	230	230
Capital Fund - Schedule 2	175,995	167,293
Reserves and Reserve Funds - Schedule 3 (Note 5)	344,144	339,921
Fund balances	520,369	507,444
Amounts to be recovered in future years (Note 8)		
From Reserves and Reserve funds	(41,025)	(37,591)
From future revenue	(242,273)	(206,543)
	(283,298)	(244,134)
MUNICIPAL POSITION	$ 237,071	$ 263,310

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Financial Activities and Fund Balances

Year ended December 31, 2005

(in thousands of dollars)

	2005		2004
	Budget (Note 16)	Actual	Actual
REVENUES			
Regional taxes (including supplementary taxes)	$ 359,330	$ 372,064	$ 341,532
User charges			
Water and sewer	96,472	102,822	92,542
Other	76,748	76,701	75,308
Fines	6,239	4,744	5,495
Government transfers			
Canada	10,335	11,784	10,409
Ontario	144,388	131,207	113,570
Deferred revenue earned - Schedule 5	68,749	35,760	44,857
Contributions from developers	-	1,181	670
Other	23,681	35,276	44,747
TOTAL REVENUES	785,942	771,539	729,130
EXPENDITURES (Note 9)			
Operating Fund - Schedule 1	622,942	609,297	564,511
Capital Fund - Schedule 2	245,581	188,481	153,443
TOTAL EXPENDITURES	868,523	797,778	717,954
NET (EXPENDITURES) REVENUES	(82,581)	(26,239)	11,176
FINANCING ACTIVITIES			
Debt issued for Regional purposes	52,366	40,000	71,622
Regional debt principal repayments	(12,740)	(10,053)	(7,604)
Increase unfunded employee benefits and post employment liabilities	-	4,526	4,454
Increase in landfill closure and post closure liability	-	4,691	102
INCREASE IN AMOUNTS TO BE RECOVERED IN FUTURE YEARS	39,626	39,164	68,574
CHANGE IN FUND BALANCES	(42,955)	12,925	79,750
FUND BALANCES, BEGINNING OF YEAR		507,444	427,694
FUND BALANCES, END OF YEAR		$ 520,369	$ 507,444

The accompanying notes and schedules are an integral part of these financial statements.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2005

(in thousands of dollars)

	2005	2004
OPERATIONS		
Net (expenditures) revenues	$ (26,239)	$ 11,176
Uses		
Increase in accounts receivable	(11,826)	(10,387)
Increase in other assets	(694)	(777)
Decrease in other deferred revenue	(3,061)	-
	(15,581)	(11,164)
Sources		
Increase in accounts payable and accrued liabilities	11,074	22,154
Increase in deferred revenue	41,907	3,583
Increase in other deferred revenue	-	226
Increase in employee benefits and post employment liabilities	4,245	1,938
Increase in landfill closure and post closure liability	4,691	102
	61,917	28,003
Net increase in cash from operations	20,097	28,015
FINANCING		
Debt issued for Regional purposes	40,000	71,622
Regional debt repaid	(10,053)	(7,604)
Net increase in cash from financing activities	29,947	64,018
NET CHANGE IN CASH AND INVESTMENTS	50,044	92,033
CASH AND INVESTMENTS, BEGINNING OF YEAR	765,820	673,787
CASH AND INVESTMENTS, END OF YEAR	$ 815,864	$ 765,820

The accompanying notes and schedules are an integral part of these financial statements.

1. MUNICIPAL STRUCTURE

The Regional Municipality of Durham came into existence on October 15, 1973 and assumed its responsibilities on January l, 1974, under authority of the Regional Municipality of Durham Act, 1973.

The Region comprises the following local municipalities:

- Town of Ajax
- Township of Brock
- Municipality of Clarington
- City of Oshawa
- City of Pickering
- Township of Scugog
- Township of Uxbridge
- Town of Whitby

and is responsible for services within these local municipalities related to the following:

- Protection to persons and property, including Police, Conservation Authorities, Emergency Planning, Fire Co-ordination and 911 emergency telephone services.
- Transportation Services, including all Regional Roadways and Traffic Control.
- Environmental Services, including the Water Supply System, Sanitary Sewer System, Regional Storm Sewer System and Solid Waste Management.
- Health Services, including Public Health Services and Inspections.
- Emergency Medical Services.
- Social and Family Services, including Ontario Works, Services for Seniors, and Children's Services.
- Social Housing Services, including provision of subsidized housing, rent supplement programs and homeless shelters.
- Planning, including official plan administration.
- Regional Development and promotion.
- Administration, prosecution and collection of fines under the *Provincial Offences Act* (POA).
- Financial, including all debt issues and property tax policy.

2. SUMMARY OF ACCOUNTING POLICIES

The Consolidated Financial Statements of the Corporation of the Regional Municipality of Durham are representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Region and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality and is the difference between financial assets and liabilities. This information explains the Region's overall future revenue requirements and its ability to finance activities and meet its obligations.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Statement Presentation

i. The consolidated financial statements reflect activities of the Operating Fund, Reserves, Reserve Funds, and the Capital Fund of the Region, including activities of the Durham Regional Police Services Board, and the Durham Regional Local Housing Corporation. Operations of other social housing providers are not consolidated in these financial statements as the Region does not exercise control over them. Funding paid to these providers is recorded as Social Housing expenditures in the Consolidated Schedule of Operating Fund Activities and Fund Balance.

ii. Trust Funds administered by the Region are not included in these consolidated financial statements. Trust Funds are disclosed separately in the Trust Funds Statement of Financial Activities and Fund Balances and the Statement of Financial Position.

(b) Basis of Accounting

i. Accrual Basis of Accounting

Expenditures and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due. Transactions between funds are recorded as interfund transfers.

ii. Capital Assets

The historical cost and accumulated depreciation of capital assets are not reported for municipal purposes. Capital assets are reported as expenditures in the Consolidated Statement of Financial Activities and Fund Balances in the year of acquisition.

iii. Pension and Employee Benefits

The Region accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan.

Employee benefits include vacation, sick leave and certain post-employment benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits and other post-employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees.

iv. Deferred Revenue

Government transfers of federal gas taxes and development charges collected under the *Development Charges Act, 1997* are reported as deferred revenue in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the period in which related expenditures are incurred on qualifying capital projects.

v. Government Transfers

Government transfers are recognized in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

vi. Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

3. CASH AND INVESTMENTS

Included in cash and investments of $815,864 (2004 - $765,820) are temporary investments, which can be readily converted to cash. Investments with a book value of $799,577 (2004 - $762,603) and a market value of $797,965 (2004 - $762,651) are recorded at the lower of cost and market value.

4. DEBENTURE DEBT

(a) Debenture debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2005	2004
Total debenture debt incurred	$ 351,228	$ 297,809
Less debenture debt recoverable from local municipalities and school boards	(139,723)	(116,251)
Net Regional debt	$ 211,505	$ 181,558

Interest rates for the debt ranges from 2.75 percent to 10 percent, with maturities between May 15, 2006 and October 6, 2028.
Local municipalities and school boards assumed responsibility for payment of principal and interest charges, for the principal amount shown above. The Region is contingently liable for these debentures.

(b) The Regional debenture debt principal repayments required over the next five years are as follows:

	2006	2007	2008	2009	2010
Water Supply Operation	$ 3,575	$ 3,604	$ 3,815	$ 4,040	$ 4,281
Sanitary Sewerage Operation	3,502	3,319	3,469	3,634	3,316
Police Services Board	272	-	-	-	-
Homes for the Aged	4,014	4,248	4,499	4,767	16,078
General Government	1,284	1,358	1,436	1,519	1,606
	$ 12,647	$ 12,529	$ 13,219	$ 13,960	$ 25,281

These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Total interest charges for debenture debt reported on the Consolidated Statement of Financial Activities and Fund Balances is $12,252 (2004 - $8,924).
Of the total charges shown above, $7,631 (2004 - $5,666) was paid from general revenues of the Region, $1,849 (2004 - $2,038) was recovered from the water supply operation and $2,772 (2004 - $1,220) was recovered from the sanitary sewerage operation. These amounts are included on the Consolidated Schedule of Operating Fund Financial Activities and Fund Balance (Schedule 1) classified under the appropriate functional expenditure headings.

5. RESERVES AND RESERVE FUNDS

Reserves and Reserve Funds set aside for specific purposes by Council are comprised as follows:

	2005	2004 (Note 19)
Reserves		
Working capital	$ 28,213	$ 26,640
Property tax assessment appeals	12,200	11,880
Equipment replacement	15,054	15,479
Regional roads	3,760	3,397
Contingencies	400	400
Sick leave	31,560	29,182
Capital	54,879	40,975
Homes for the aged	1,133	1,133
Taunton Road Capital	2,213	7,406
Employee benefits	3,972	-
University area servicing	997	411
Total Reserves	154,381	136,903
Total Reserve Funds (Schedule 4)	189,763	203,018
Total Reserves and Reserve Funds (Schedule 3)	$ 344,144	$ 339,921

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES

The Region provides certain employee benefits that require funding in future periods. These benefits include extended health and dental, sick leave, and benefits mandated under the *Workers Safety and Insurance Act.* The accrued benefit liability and expense amounts are based on the results and assumptions determined by an actuarial update as at December 31, 2005. These benefits are comprised of:

	2005	2004
Sick leave benefits	$ 32,963	$ 30,281
Post employment benefits	28,012	26,022
Workplace safety and insurance benefits	9,465	8,409
Paid leave benefit	-	1,483
Total employee benefits and post employment liabilities	70,440	66,195
Less: post retirement liability recognized for existing retirees	(6,711)	(6,992)
Total employee benefits and post employment liabilities to be recovered in future years	$ 63,729	$ 59,203

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (CONTINUED)

Significant management assumptions used in the actuarial valuations are:

Discount rate	6 percent
Inflation rate	3 percent
Dental benefit cost escalation	5 percent
Medical benefit cost escalation	10 percent reducing to 5 percent over 15 years

(a) Sick Leave Benefits

Under sick leave benefit plans, unused benefits can accumulate and employees may become entitled to a cash payment when they leave the Region's employment. The results of the update of the most recent actuarial valuation are as follows:

	2005	2004
Liability for sick leave benefits		
Accrued benefit obligation - beginning	$ 28,984	$ 27,679
Current period benefit cost	2,889	2,726
Interest on accrued benefit obligations	1,769	1,688
Actuarial gain	-	(1,297)
Benefit payments	(1,884)	(1,812)
Accrued benefit obligation - ending	31,758	28,984
Unamortized actuarial gain	1,205	1,297
Liability for sick leave benefits	$ 32,963	$ 30,281
Sick leave benefit expense		
Current period benefit costs	$ 2,889	$ 2,726
Interest on accrued benefit obligations	1,769	1,688
Amortization of actuarial gain	(92)	-
Total sick leave benefit expense	$ 4,566	$ 4,414

The actuarial gain is amortized over the expected average remaining service life of 14 years.

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (CONTINUED)

(b) Post Employment Benefits

The Region provides continued coverage for extended health and dental benefits to qualifying employees who retire early. Coverage ceases at the age of 65, with the exception of Police Service employees whose coverage ceases at age 70. The results of the update of the most recent actuarial valuation are as follows:

	2005	2004
Liability for post employment benefits		
Accrued benefit obligation - beginning	$ 27,987	$ 24,376
Current period benefit cost	1,367	1,290
Interest on accrued benefit obligations	1,684	1,468
Actuarial loss	-	1,965
Benefit payments	(1,201)	(1,112)
Accrued benefit obligation - ending	29,837	27,987
Unamortized actuarial loss	(1,825)	(1,965)
Liability for post employment benefits	$ 28,012	$ 26,022
Post employment benefit expense		
Current period benefit costs	$ 1,367	$ 1,290
Interest on accrued benefit obligations	1,684	1,468
Amortization of actuarial loss	140	-
Total post employment benefit expense	$ 3,191	$ 2,758

The actuarial loss is amortized over the expected average remaining service life of 14 years.

(c) Workplace Safety and Insurance Benefits (WSIB)

The Region is a Schedule II employer under the *Workplace Safety and Insurance Act* and follows a policy of self-insurance for employees. Accordingly, the Region assumes liability for awards made under the Act, reimbursing the Workplace Safety and Insurance Board for costs relating to its workers' claims. The results of the update of the most recent actuarial valuation are as follows:

	2005	2004
Liability for WSIB		
Accrued benefit obligation - beginning	$ 13,407	$ 7,994
Current period benefit cost	1,834	1,556
Interest on accrued benefit obligations	797	555
Actuarial loss	-	4,998
Benefit payments	(2,075)	(1,696)
Accrued benefit obligation - ending	13,963	13,407
Unamortized actuarial loss	(4,498)	(4,998)
Liability for WSIB	$ 9,465	$ 8,409
WSIB expense		
Current period benefit costs	$ 1,834	$ 1,556
Interest on accrued benefit obligations	797	555
Amortization of actuarial loss	500	-
Total WSIB expense	$ 3,131	$ 2,111

The actuarial loss is amortized over the mean term of the liabilities, which is 10 years.

7. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Region currently owns and operates one active landfill site and six closed landfill sites. The total estimated expenditure (using a discount factor of 6 percent less an estimated inflation factor of 3 percent) for closure and post closure costs is $8,469 (2004 - $3,790). The amount reported on the Consolidated Statement of Financial Position is $8,064 (2004 - $3,373) and the amount remaining to be recognized is $405 (2004 - $417).

The Region is responsible for post closure at six inactive sites, which includes monitoring of ground and surface water, leachate and gas, ongoing maintenance and annual reporting, for a period of 40 years. Closure costs include final cover and vegetation, drainage control features, leachate control or monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition (buffer zones), site remediation, and site closure reports.

The liability for closure and post closure care is recognized as capacity of each site is used. For any closed sites, 100 percent of the liability is recognized. It is estimated that the remaining capacity of 197,000 cubic meters at the active site will provide landfill disposal capacity for an additional eighteen years.

8. AMOUNTS TO BE RECOVERED IN FUTURE YEARS

Future years recoveries represent the requirement of the Region to raise funds in subsequent periods to finance unfunded liabilities.

	2005	2004
Unfunded employee benefits and post employment liabilities	$ 63,729	$ 59,203
Solid waste landfill closure and post closure liability	8,064	3,373
Net Regional debt	211,505	181,558
Total future years recoveries	283,298	244,134
Funding available from reserves and reserve funds		
Sick leave reserve	31,560	29,182
Workers' compensation reserve fund	9,465	8,409
	41,025	37,591
Amounts to be recovered from future revenue	$ 242,273	$ 206,543

9. EXPENDITURES BY OBJECT

Schedules 1 and 2 present the consolidated expenditures by function. The following classifies those same expenditures by object.

	2005	2004
Salaries, wages and employee benefits	$ 312,751	$ 288,299
Operating materials and supplies	81,752	77,010
Contracted services	67,044	60,757
Rents and financial expenses	14,928	17,664
External transfers	120,570	111,857
Capital expenditures	188,481	153,443
Debenture interest	12,252	8,924
Total expenditures by object	$ 797,778	$ 717,954

10. PENSION AGREEMENTS

The Region made contributions to OMERS on behalf of approximately 3,980 regional employees, totalling $15,687 (2004 - $14,185) for current service. The plan is a multi-employer defined benefit plan that specifies the amount of retirement benefits to be received by employees based on length of service and pay rates.

11. CONTRACTUAL OBLIGATIONS

(a) Sanitary Sewerage System

In 1997, the Regional Municipality of Durham and the Regional Municipality of York jointly purchased certain sanitary sewerage systems from the Province of Ontario and entered into a joint operating agreement, whereby Durham operates and maintains these facilities. Each co-owner is responsible for its share of operating costs based on actual sewerage flows.

(b) Lease Commitments

The Region has commitments under various building lease agreements expiring in 2006 to 2010. These operating leases require approximate annual rental payments for the next five years as follows:

2006	$ 1,728
2007	$ 1,248
2008	$ 947
2009	$ 616
2010	$ 606

(c) Capital Works Commitments

The Region has contractual obligations for capital works of approximately $94,205 (2004 - $73,147). Financing for these commitments has been approved by Regional Council.

12. CONTINGENCY

The Region has been named as defendant in certain legal actions in which damages have been sought. The outcome of these actions is not determinable as at December 31, 2005, and accordingly, no provision has been made in these financial statements for any liability that may result.

13. SOCIAL HOUSING REFORM ACT

Effective January 1, 2001, under the provisions of Bill 128 the Province of Ontario transferred the social housing units of the Ontario Housing Corporation located in the Region to the Durham Regional Local Housing Corporation (DRLHC), under the provisions of the Ontario Business Corporations Act, with the Regional Municipality of Durham as the sole shareholder. Financial activities of the DRLHC are reported in these consolidated financial statements.

Income producing properties acquired as a result of the transfer were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership of the DRLHC to the Region, the Province did not transfer the responsibility for the repayment of the debentures. Accordingly, neither the value of the income producing properties nor the value of the related provincial debentures was recorded on the DRLHC's financial statements. The remaining assets and liabilities acquired were recorded at book value resulting in a contributed surplus of $230.

14. PROVINCIAL OFFENCES ADMINISTRATION

Effective December 4, 2000, the Region assumed responsibility for administering collection of revenues arising under the *Provincial Offences Act* (POA) from the Ministry of the Attorney General. The Region performs court support, administration and collection functions for all related fines and fees and prosecutes matters under the POA. The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the *Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act,* municipal by-laws and minor federal offences. Offenders may pay their fines at any Provincial Offences court office in Ontario, at which time their receipts are recorded in the Integrated Courts Operation Network system ("ICON"). The Region recognizes fine revenue when the receipt of funds is recorded in ICON, regardless of the location where payment is made.

Gross revenues, consisting of fines levied under parts I and III (including delay penalties) for POA charges total $4,744 (2004 - $5,495). Net revenues amount to $744 (2004 - $2,120). Local municipalities share 60 percent of net revenues and the Region retains 40 percent or $298 (2004 - $848).

15. TRUST FUNDS

Trust Funds administered by the Region, totalling $841 (2004 - $888), have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities and Fund Balances.

16. OPERATING AND CAPITAL FUNDS BUDGETS

The operating and capital budgets, as approved by Regional Council, for 2005 are reflected on the Consolidated Statement of Financial Activities and Fund Balances, Consolidated Schedule of Operating Fund Financial Activities and Fund Balance, and the Consolidated Schedule of Capital Fund Financial Activities and Fund Balance. The budgets established for Capital Fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. As well, the Region does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either the Operating or Capital Funds.

17. GUARANTEES

In the normal course of business, the Region enters into agreements that meet the definition of a guarantee. The Region's primary guarantees subject to the disclosure requirements include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements.

These indemnification agreements may require the Region to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Region from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Region has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the Consolidated Statement of Financial Position with respect to these agreements.

18. SUBSEQUENT EVENT

Effective January 1, 2006, the responsibility of the lower-tier municipalities with respect to Public Transportation systems was transferred to the Region, in accordance with by-law 85-2004 approved in February 2005. Existing transit employees became employees of the Region and related assets, development charges, and reserves were transferred to the Region.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Operating Fund Financial Activities and Fund Balance

Schedule 1

Year ended December 31, 2005

(in thousands of dollars)

	2005		2004
	Budget (Note 16)	Actual	Actual
REVENUES			
Regional taxes (including supplementary taxes)	$ 359,330	$ 372,064	$ 341,532
User charges			
Water and sewer	96,472	102,822	92,542
Other	76,748	76,701	75,308
Fines	6,239	4,744	5,495
Government transfers			
Canada	10,335	11,784	10,409
Ontario	144,388	131,207	113,570
Deferred revenue earned - Schedule 5	7,286	6,949	6,493
Other	5,011	20,019	22,693
TOTAL REVENUES	705,809	726,290	668,042
EXPENDITURES			
General government	29,862	36,770	26,987
Protection to persons and property	138,172	139,235	128,469
Transportation services	31,388	31,131	28,723
Environmental services	122,947	125,797	114,981
Health services	54,625	50,257	45,937
Social and family services	190,499	171,052	165,101
Social housing	49,067	49,333	48,885
Planning and development	6,382	5,722	5,428
TOTAL EXPENDITURES	622,942	609,297	564,511
NET REVENUES	82,867	116,993	103,531
FINANCING ACTIVITIES			
Debt principal repayments	(12,740)	(10,053)	(7,604)
Increase in unfunded employee benefits and post employment liabilities	-	4,526	4,454
Increase in landfill closure and post closure liability	-	4,691	102
Transfer from Reserves and Reserve Funds	49,250	39,895	19,876
Transfer to Capital Fund	(90,812)	(84,728)	(63,754)
Transfer to Reserves and Reserve Funds	(28,565)	(71,324)	(56,605)
NET FINANCING ACTIVITIES AND TRANSFERS	(82,867)	(116,993)	(103,531)
CHANGE IN FUND BALANCE		-	-
FUND BALANCES, BEGINNING OF YEAR		230	230
FUND BALANCES, END OF YEAR (Note 13)		$ 230	$ 230

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Capital Fund Financial Activities and Fund Balance

Schedule 2

Year ended December 31, 2005

(in thousands of dollars)

	2005		2004
	Budget (Note 16)	Actual	Actual
REVENUES			
Deferred revenue earned - Schedule 5	$ 61,463	$ 28,811	$ 38,364
Contribution from developers	-	1,181	670
Other	18,670	9,492	17,055
TOTAL REVENUES	80,133	39,484	56,089
EXPENDITURES			
General government	16,609	35,576	37,419
Protection to persons and property	16,827	5,541	8,573
Transportation services	41,516	31,275	29,788
Environmental services	161,717	80,402	50,231
Health services	4,701	1,697	3,615
Social and family services	2,445	32,806	21,793
Social housing	1,676	1,103	1,876
Planning and development	90	81	148
TOTAL EXPENDITURES	245,581	188,481	153,443
NET EXPENDITURES	(165,448)	(148,997)	(97,354)
FINANCING ACTIVITIES			
Proceeds from long term debt	52,366	40,000	71,622
Transfer from Operating Fund	90,812	84,728	63,754
Transfer from Reserves and Reserve Funds	22,270	32,971	38,721
NET FINANCING ACTIVITIES AND TRANSFERS	165,448	157,699	174,097
CHANGE IN FUND BALANCE		8,702	76,743
FUND BALANCE, BEGINNING OF YEAR		167,293	90,550
FUND BALANCE, END OF YEAR		$ 175,995	$ 167,293

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Reserves and Reserve Funds Financial Activities and Fund Balance

Schedule 3

Year ended December 31, 2005

(in thousands of dollars)

	2005		2004
	Budget (Note 16)	Actual	Actual
REVENUES			
Interest	$ -	$ 5,765	$ 4,999
TOTAL REVENUES	-	5,765	4,999
TRANSFERS			
Transfer from Operating Fund	28,565	71,324	56,605
Transfer to Capital Fund	(22,270)	(32,971)	(38,721)
Transfer to Operating Fund	(49,250)	(39,895)	(19,876)
NET TRANSFERS	(42,955)	(1,542)	(1,992)
CHANGE IN FUND BALANCE	(42,955)	4,223	3,007
FUND BALANCE, BEGINNING OF YEAR		339,921	336,914
FUND BALANCE, END OF YEAR		$ 344,144	$ 339,921

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Continuity of Reserve Funds

Schedule 4

Year ended December 31, 2005

(in thousands of dollars)

		REVENUE/CONTRIBUTIONS			TRANSFERS			
	BALANCE, BEGINNING OF YEAR	Interest on investments	From operating fund	Total	To operating fund	To capital fund	Total	BALANCE, END OF YEAR
	$ (Note 19)	$	$	$	$	$	$	$
Treatment plant/rate stabilization								
Sanitary sewage	58,492	1,621	1,262	2,883	26,784	-	26,784	34,591
Water supply	23,647	656	1,000	1,656	1,479	-	1,479	23,824
Regional share of non-residential development								
Sanitary sewage	3,503	96	-	96	-	-	-	3,599
Water supply	2,755	75	-	75	-	-	-	2,830
Solid waste management	14,023	402	650	1,052	292	49	341	14,734
General levy stabilization	47,406	1,303	14,303	15,606	4,027	1,925	5,952	57,060
Industrial land	1,067	29	-	29	-	-	-	1,096
Foreign exchange	3,959	109	-	109	-	-	-	4,068
Workers' compensation	18,229	514	831	1,345	19	-	19	19,555
York/Durham sanitary sewage	3,865	112	207	319	-	-	-	4,184
Insurance	12,023	314	1,103	1,417	1,173	-	1,173	12,267
Social housing	5,697	180	863	1,043	11	-	11	6,729
Roads rehabilitation	356	166	5,684	5,850	-	5,706	5,706	500
Durham Regional Local Housing	772	20	870	890	115	-	115	1,547
Asset Management	-	24	880	904	-	-	-	904
Other miscellaneous reserve funds	7,224	134	1,282	1,416	5,665	700	6,365	2,275
Total	203,018	5,755	28,935	34,690	39,565	8,380	47,945	189,763

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Consolidated Schedule of Continuity of Deferred Revenue

Schedule 5

Year ended December 31, 2005

(in thousands of dollars)

	Sanitary Sewage Residential & Commercial	Water Supply Residential & Commercial	Regional Roads Residential & Commercial	Waste Disposal Residential	Police Residential	Homes For the Aged Residential	Development Charge Study Residential	GO Transit	Emergency Medical Services	Federal Gas Tax	Total
	$	$	$	$	$	$	$	$	$	$	$
BALANCE, BEGINNING OF YEAR	54,172	74,834	29,936	4,423	3,235	536	123	3,650	431	-	171,340
Increase in deferred revenue											
Interest	1,208	1,822	841	121	100	19	4	131	16	11	4,273
Government transfer	-	-	-	-	-	-	-	-	-	4,942	4,942
Development charges collected	18,580	25,643	19,667	-	885	358	41	2,875	403	-	68,452
	19,788	27,465	20,508	121	985	377	45	3,006	419	4,953	77,667
Application of deferred revenue											
Contribution to Operating Fund											
Sanitary Sewerage	2,486	-	-	-	-	-	-	-	-	-	2,486
Water Supply	-	4,240	-	-	-	-	-	-	-	-	4,240
Homes for the Aged	-	-	-	-	-	220	-	-	-	-	220
GTA GO Study	-	-	-	-	-	-	-	3	-	-	3
Contribution to Capital Fund	15,082	7,101	4,040	50	-	-	-	2,538	-	-	28,811
	17,568	11,341	4,040	50	-	220	-	2,541	-	-	35,760
BALANCE, END OF YEAR	56,392	90,958	46,404	4,494	4,220	693	168	4,115	850	4,953	213,247

Annual Report

Trust Funds: Financial Statements and Auditors' Report

for the year ended December 31, 2005

Deloitte.

Deloitte & Touche LLP
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Auditors' Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Regional Municipality of Durham

We have audited the statement of financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2005 and the statement of financial activities and fund balances for the year then ended. These financial statements are the responsibility of the Region's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Regional Municipality of Durham as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Toronto, Ontario
May 31, 2006

Member of
Deloitte Touche Tohmatsu

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds: Statement of Financial Position

December 31, 2005

(in thousands of dollars)

	2005							2004
	Homes for the Aged			Campbell	Social	Miscellaneous		
	Residents	Donations	Bequests	Bequest	Services	Donations	Total	Total
FINANCIAL ASSETS								
Cash and investments	$ 480	$ 135	$ 142	$ 1	$ 6	$ 77	$ 841	$ 888
FUND BALANCE	$ 480	$ 135	$ 142	$ 1	$ 6	$ 77	$ 841	$ 888

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

Trust Funds: Statement of Financial Activities and Fund Balances

Year ended December 31, 2005

(in thousands of dollars)

	2005							2004
	Homes for the Aged			Campbell	Social	Miscellaneous		
	Residents	Donations	Bequests	Bequest	Services	Donations	Total	Total
REVENUE								
Residents	$ 1,448	$ 37	$ 2	$ -	$ -	$ -	$ 1,487	$ 1,531
Recipients	-	-	-	-	27	5	32	35
Interest earned	12	4	4	-	-	1	21	18
TOTAL REVENUE	1,460	41	6	-	27	6	1,540	1,584
EXPENDITURE ON BEHALF OF								
Residents	1,483	70	1	-	-	-	1,554	1,512
Recipients	-	-	-	-	26	7	33	30
TOTAL EXPENDITURE	1,483	70	1	-	26	7	1,587	1,542
NET (EXPENDITURES)/REVENUES	(23)	(29)	5	-	1	(1)	(47)	42
BALANCE, BEGINNING OF YEAR	503	164	137	1	5	78	888	846
BALANCE, END OF YEAR	$ 480	$ 135	$ 142	$ 1	$ 6	$ 77	$ 841	$ 888

1. ACCOUNTING POLICIES

The financial statements of the trust funds of the Corporation of the Regional Municipality of Durham are the representations of management prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Basis of Accounting:

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue. Expenditures are recorded in the period the goods and services are acquired and a liability is incurred.

Investments:

Investments are recorded at cost. The cost of investments approximates their fair market value.

Use of Estimates:

The preparation of the periodic financial statements in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the period. Actual results could differ from these estimates.

2. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as the information that would be provided is readily available from the information presented.

Annual Report

The Regional Municipality of Durham
Statistical Review: 2001 to 2005

for the year ended December 31, 2005

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2005

(in thousands of dollars)

	2005	2004	2003	2002	2001
	$	$	$	$	$
CURRENT OPERATIONS					
Analysis of Revenues					
Regional taxes	372,064	341,532	312,463	286,263	273,966
User charges					
Water and sewer	102,822	92,542	85,913	82,786	77,741
Other	76,701	75,308	59,508	54,603	39,381
Fines	4,744	5,495	5,592	5,285	4,687
Government Transfers					
Canada	11,784	10,409	10,391	8,800	630
Ontario	131,207	113,570	108,006	106,943	100,301
Deferred revenue earned	6,949	6,493	6,417	6,419	6,410
Other	20,019	22,693	20,239	21,334	33,752
TOTAL REVENUES	726,290	668,042	608,529	572,433	536,868
Analysis of Expenditures by object					
Salaries, wages and employee benefits	312,751	288,299	258,920	219,279	202,105
Operating and general expenditure	163,724	155,431	137,687	125,817	117,865
External transfers	120,570	111,857	110,280	107,050	104,924
Debenture interest	12,252	8,924	6,799	5,644	5,801
TOTAL EXPENDITURES	609,297	564,511	513,686	457,790	430,695
Analysis of Expenditures by Function					
General government	36,770	26,987	25,563	17,277	17,656
Protection to persons and property	139,235	128,469	115,642	99,511	88,943
Transportation services	31,131	28,723	27,335	23,329	28,188
Environmental services	125,797	114,981	99,556	90,353	84,676
Health services	50,257	45,937	40,551	34,490	30,752
Social and family services	171,052	165,101	152,610	142,958	137,532
Social housing	49,333	48,885	47,170	45,079	38,324
Planning and development	5,722	5,428	5,259	4,793	4,624
TOTAL EXPENDITURES	609,297	564,511	513,686	457,790	430,695
NET REVENUES	116,993	103,531	94,843	114,643	106,173

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2005

(in thousands of dollars)

	2005	2004	2003	2002	2001
	$	$	$	$	$
CURRENT OPERATIONS (continued)					
Financing Activities and Transfers					
Debt principal repayments	(10,053)	(7,604)	(7,484)	(6,639)	(5,868)
Inc/(Decr) in unfunded employee benefits and post employment liabilities	4,526	4,454	(805)	(3,851)	3,936
Inc/(Decr) in landfill closure and post closure liability	4,691	102	91	20	(62)
Transfer from Reserves and Reserve Funds	39,895	19,876	8,518	3,552	3,201
Transfer to Capital Fund	(84,728)	(63,754)	(46,523)	(43,700)	(38,830)
Transfer to Reserves and Reserve Funds	(71,324)	(56,605)	(48,640)	(64,025)	(68,320)
NET FINANCING ACTIVITIES AND TRANSFERS	(116,993)	(103,531)	(94,843)	(114,643)	(105,943)
CHANGE IN FUND BALANCE	-	-	-	-	230
FUND BALANCE, BEGINNING OF YEAR	230	230	230	230	-
FUND BALANCE, END OF YEAR	230	230	230	230	230

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

December 31, 2005

(in thousands of dollars)

	2005	2004	2003	2002	2001
	$	$	$	$	$
CAPITAL OPERATIONS					
Analysis of Revenues					
Government transfers					
Ontario	-	-	-	461	373
Deferred revenue earned	28,811	38,364	14,620	19,859	16,763
Contribution from developers	1,181	670	366	327	1,830
Other	9,492	17,055	11,798	6,685	7,126
TOTAL REVENUES	39,484	56,089	26,784	27,332	26,092
Analysis of Expenditures by Function					
General government	35,576	37,419	17,533	3,098	2,175
Protection to persons and property	5,541	8,573	12,924	7,188	8,768
Transportation services	31,275	29,788	37,058	36,083	21,277
Environmental services	80,402	50,231	32,559	33,863	32,753
Health services	1,697	3,615	4,697	2,341	809
Social and family services	32,806	21,793	5,359	11,785	29,924
Social housing	1,103	1,876	980	1,567	896
Planning and development	81	148	113	317	141
TOTAL EXPENDITURES	188,481	153,443	111,223	96,242	96,743
NET REVENUES	(148,997)	(97,354)	(84,439)	(68,910)	(70,651)
Financing Activities					
Proceeds from debentures	40,000	71,622	40,000	-	5,000
Transfer from Operating Fund	84,728	63,754	46,523	43,700	38,830
Transfer from Reserves and Reserve Funds	32,971	38,721	32,485	23,854	31,189
NET FINANCING AND TRANSFERS	157,699	174,097	119,008	67,554	75,019
CHANGE IN FUND BALANCE	8,702	76,743	34,569	(1,356)	4,368
FUND BALANCE, BEGINNING OF YEAR	167,293	90,550	55,981	57,337	52,969
FUND BALANCE, END OF YEAR	175,995	167,293	90,550	55,981	57,337

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2005

(in thousands of dollars)

	2005	2004	2003	2002	2001
RESERVES AND RESERVE FUNDS	$	$	$	$	$
Interest	5,765	4,999	6,123	4,986	7,393
TOTAL REVENUE	5,765	4,999	6,123	4,986	7,393
Transfers					
Transfer from Operating Fund	71,324	56,605	48,640	64,025	68,320
Transfer to Capital Fund	(32,971)	(38,721)	(32,485)	(23,854)	(31,189)
Transfer to Operating Fund	(39,895)	(19,876)	(8,518)	(3,552)	(3,201)
NET TRANSFERS	(1,542)	(1,992)	7,637	36,619	33,930
CHANGE IN FUND BALANCE	4,223	3,007	13,760	41,605	41,323
FUND BALANCE, BEGINNING OF YEAR	339,921	336,914	323,154	281,549	240,226
FUND BALANCE, END OF YEAR	344,144	339,921	336,914	323,154	281,549

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2005

(in thousands of dollars)

	2005	2004	2003	2002	2001
	$	$	$	$	$
OBLIGATIONS					
Debt Incurred					
Total debenture debt	351,228	297,809	215,170	192,140	159,252
Debt assumed for others**	(139,723)	(116,251)	(97,630)	(107,116)	(67,589)
Net regional debt	211,505	181,558	117,540	85,024	91,663
Recovered from:					
Tax levy/user rates	165,442	145,304	80,438	44,639	48,169
Other/Reserve Funds	46,063	36,254	37,102	40,385	43,494
	211,505	181,558	117,540	85,024	91,663
Net regional debt per capita ($)	361	317	211	156	172
Net regional debt percentage of total expenditures (%)	26.5	25.3	18.8	15.3	17.4
Debt Servicing					
Debt servicing payment	22,305	16,528	14,283	12,283	11,669
Debt servicing as percentage of operating expenditures (%)	3.7	2.9	2.8	2.7	2.7
Annual debt repayment limit	103,250	94,529	88,373	81,294	69,073
TAXABLE ASSESSMENT (in millions)***					
Residential and farm (including multiple residentials)	38,959	37,589	32,313	28,280	27,155
Industrial and commercial	5,191	5,016	4,613	4,049	3,930
Farmland	978	984	887	696	687
Other	199	194	165	144	144
Total	45,327	43,783	37,978	33,169	31,916
Assessment analysis					
Annual tax assessment growth rate (%)	3.4	3.1*	3.0*	3.9	2.1

* Revised

**School boards and local municipalities

*** Current value assessment include provincially mandated reassessments for 2003 and 2004

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2005

	2005	2004	2003	2002	2001
Miscellaneous Information					
Full time employees	3,767	3,724	3,589	3,183	3,057
Building permit values ($ 000)**	1,558	1,304	1,739	1,176	890
Average monthly social assistance case load	6,010	5,753	5,605	5,898	6,613
Kilometres of roads	2,115	2,111	2,094	2,087	2,077
Annual supply of treated waste water (megalitres)	75,604	75,593	73,838	69,763	67,829
Annual supply of treated drinking water (megalitres)	78,012	74,772	75,111	73,558	74,409
Annual disposal of residential solid waste (metric tonnes)	148,709	149,424	144,937	145,752	146,557
Annual diversion of residential solid waste (metric tonnes)	83,317	78,873	86,537	60,403	58,561
Tax collection rate**	95.5 ***	95.8 *	95.3	94.4	92.6
	$	$	$	$	$
Benchmark Information					
Operating costs for police services per capita	191	179	169	157	158
Operating costs for paved (hard top) roads per paved lane kilometre	1,615	1,458	1,457	1,134	1,049
Operating costs for winter maintenance of roadways per lane kilometre maintained in winter	4,275	3,436	3,419	1,972	2,226
Operating costs for collection, treatment and disposal of wastewater per megalitre	368	370	344	305	340
Operating costs for treatment and distribution of drinking water per megalitre	415	411	370	341	343
Operating costs for solid waste disposal per tonne	101	89	90	93	96
Operating costs for solid waste diversion (recycling) per tonne	92	85 *	78	78	77
	2005	2004	2003	2002	2001
Demographics					
Population***	585,290	572,720	558,330	545,600	533,325
Households	198,543	193,100	186,000	181,500	176,000

* Revised

** Lower-tiered municipalities are responsible for collecting taxes and issuing building permits

*** Estimate

THE CORPORATION OF THE REGIONAL MUNICIPALITY OF DURHAM

STATISTICAL REVIEW (UNAUDITED)

Year ended December 31, 2005

Principle Corporate Taxpayers (alphabetical order)

- A.G.S. Automotive
- Blue Circle Canada Ltd.
- Enbridge Gas Distribution
- General Motors of Canada Ltd
- Gerdau-AmeriSteel Corp.
- Johnson Controls
- Lear Corporation
- Loblaws Properties Limited
- Messier-Dowty Inc.
- Ontario Power Generation
- TDS Automotive Systems

Data sources for the 5-year review are as follows: Financial Reports and Financial Information Returns of the Regional Municipality of Durham, Statistics Canada and the Durham Region Planning and Economic Development and Tourism departments.

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Printed on recycled stock. Printed in Canada